

WASHINGTON STATE DEPARTMENT OF LICENSING

Department of Licensing Strategic Plan 2005-07

May 2004

An aerial, high-angle photograph of a semi-truck driving on a multi-lane highway. The truck is dark-colored with a large chrome grille and the number '2146' visible on the front bumper. The highway has white dashed lane markings and a solid yellow line on the right. The background is slightly blurred, suggesting motion.

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INTRODUCTION

It takes an integrated network of state, local and federal agencies to keep the public safe from traffic fatalities and from property loss due to identity theft and other types of consumer fraud. Likewise, efforts to keep our economy strong and running smoothly are possible only through daily coordination of activities across multiple levels of government and private entities. DOL is an inseparable part of this network.

SAVING LIVES

Each year, approximately 650 people die in traffic accidents in our state. Approximately 25,000 more are seriously injured. While it is up to law enforcement to *apprehend* speeding drivers, and up to medical establishments to *treat* them, our role is to ensure that only the safest drivers receive their license. We do this by making sure people know the rules of the road by giving them a written exam and testing their driving skills. If an individual has shown he is not safe on the road and poses a risk to others, we protect the public by removing his license to drive.

Each working day, DOL will:

- ♦ Test and authorize 850 new drivers to go on the road;
- ♦ Answer more than 1,500 inquiries a day on driver record information; and
- ♦ Process over 500 records on traffic accidents to enable law enforcement to follow up on safety violations.

Commercial drivers are another focus for DOL. In a partnership with the Department of Transportation (DOT) and other agencies, we ensure that interstate trucks operating in Washington State meet current safety standards. Enforcing interstate and intrastate truck safety standards translate into fewer highway accidents, traffic fatalities and unplanned repairs to the state's transportation system. According to a recent report by the Washington State Patrol, fatal collisions were down by 11 percent in 2003 in Washington State. During the same period, fatalities involving commercial vehicles were down 14 percent. Regulation of the trucking industry also establishes a level playing field, ensuring that licensed companies do not have to compete with others that have lowered their operating costs by cutting corners on truck safety.

Our agency also maintains records for law enforcement's use on people who are not authorized to operate a vehicle because their driving has put others at risk. Officers access our records when they pull over a driver. Without DOL records, law enforcement would not know about 20,000 suspensions for DUI convictions; 69,000 DUI arrests; 993,000 citations; and 30,000 uninsured accidents that occur annually. Arrests for DUI were up 21 percent in 2003, according to a report by the Washington State Patrol. Most DUI arrests result in a DOL action to suspend or revoke a license. We will restore the driving privilege once an individual has fulfilled their obligations related to court action.

DOL is also the sole record holder for all firearms-related licenses issued in Washington State, as well as the record-keeper of individuals who are prohibited from owning firearms due to mental health issues or court convictions. We maintain about 16.8 million records for use by law enforcement agencies to ensure that only those individuals eligible under state law possess firearms. City and county law enforcement agencies; the Washington State Patrol (WSP); the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives; Immigration and Naturalization Service; the Federal Bureau of Investigations; and other agencies within the Justice Department all use our data to investigate criminal activity and to arrest and prosecute individuals who violate state and federal firearm laws.

DOL also issues approximately 200 firearm licenses to alien residents and records over 35,000 convictions and involuntary mental health commitment notices each year where an individual's firearm possession rights have been removed by the courts. Without our records, law-enforcing agencies would not know about the 65,000 concealed pistol licenses issued annually; the 600 people licensed as firearm dealers in a year; or the 50,000 handguns that are transferred annually.

PROTECTING CITIZENS FROM PROPERTY LOSS

A driver's license is more than just permission to drive. It has become the primary means of identification for getting a loan, cashing a check, buying controlled substances like beer or cigarettes, and a variety of other purposes unrelated to driving.

Identity theft is the fastest growing crime in the nation, resulting in billions of dollars in property loss annually. Again, while it is up to law enforcement to apprehend someone who is using a driver license falsely, DOL helps to prevent fraud by ensuring the identity of the person issued the driver license or ID card. We protect Washington citizens from identity theft by issuing a license that is difficult to counterfeit and to detect fraud when it does occur. We are constantly searching for new methods to safeguard citizens' identity in Washington whether it is through strengthening licensing procedures, providing additional security features on their license or conducting investigations into suspected cases of criminal activity. We provide education to consumers on the prevention of identity theft and respond to nearly 4,000 photo and informational requests directly from law enforcement each month. Our agency is often the only source for law enforcement to obtain pertinent, valuable information on suspected criminals.

Through our titling and registration activities we record ownership of vehicles and vessels, helping citizens avoid purchasing stolen and/or damaged vehicles. Trends show auto theft rates rising across the nation, yet declining in Washington State. State Patrol statistics for 2003 show 430 stolen vehicles recovered, a 46 percent increase over 2002, and 132 auto thieves arrested, a 312 percent increase over 2002. By ensuring the integrity of information on the vehicle title, we protect citizens from purchasing cars that have been misrepresented. We participate in the National Motor Vehicle Titling

Information System (NMVTIS), a federal initiative to create and maintain a national database to track vehicles from “birth to death.” This system, scheduled for completion in January 2005, picks up data recorded from other states, protecting consumers from \$12 billion a year nationally in losses related to car theft and title fraud. New owners of vehicles are made aware of any sustained significant damage that could mean the vehicle is no longer safe or of less value.

Each year, the Department of Licensing:

- ♦ Issues more than 6,000 vehicle titles;
- ♦ Registers over 6 million vehicles and 260,000 vessels;
- ♦ Provides licensing services at 39 county auditor, 142 subagent, and two DOL offices across the state; and
- ♦ Administers the parking program for 285,000 individuals with disabilities.

Through our regulation of professions, DOL protects the public from physical injury that could be caused by someone who is not qualified; from the misuse of funds that the public entrusted to professionals; and from property loss resulting from misrepresentation or other types of consumer fraud. Twenty-seven professions are regulated, and approximately 225,000 individuals and businesses licensed, to make sure that a level of skill is met in the delivery of these services. Last year, DOL:

- ♦ Audited over \$291 million in Funeral, Cemetery and Real Estate accounts to ensure the consumers’ funds were managed appropriately.
- ♦ Conducted over 780 investigations of reported violations, of which 164 resulted in administrative actions;
- ♦ Denied licensure for roughly 250 applications for failure to meet statutory requirements;
- ♦ Took nearly 100 disciplinary actions in response to complaints from citizens; and
- ♦ Took another 14 disciplinary actions against people practicing without a valid professional license.

COLLECTING REVENUE TO SUPPORT LAW ENFORCEMENT, TRANSPORTATION AND MOBILITY

DOL collects and manages over \$3 billion each biennium to improve the state’s roads and highways; fund K-12 education; support law enforcement; promote boating safety; and address a myriad of other citizens concerns. We do this by collecting and administering funds from mandated fees and taxes on fuel and vehicle related services, including:

- ♦ \$1.9 billion each biennium in revenue through administration of the state’s motor vehicle fuel and special fuel and aircraft fuel tax collection programs. DOL responsibilities include licensing fuel suppliers, exporters, importers, blenders and distributors; processing of fuel tax returns and associated payments; and operating an audit and compliance section responsible for taxpayer education, training, and auditing.

- ♦ Approximately \$43.8 million each biennium through interstate commercial vehicle registration fees, on behalf of all jurisdictions.
- ♦ Approximately \$1.3 billion per biennium in vehicle and vessel fees and taxes. We collect fees through an extensive network of community groups, state and local agencies, counties, and cities and disburse them to partner agencies to support state and local transportation projects, law enforcement activities, and the Washington State Patrol.
- ♦ \$4.4 million in revenue per biennium through the licensing of vehicle and vessel dealers.

HELPING BUSINESSES THRIVE

DOL helps establish Washington as a positive environment for commerce by simplifying administrative requirements for businesses and industry. Our centralized licensing service has long been considered a leader, both nationally and internationally, in one-stop information and combined licensing. Representatives from other states and foreign countries continue to visit Washington to study and learn from us as a best practice. In Washington State, DOL provides citizens with “one stop” business licensing, serving as a single point of contact for over 100 different business licenses, administered by 10 separate state agencies and four cities. Each year, we process over 100,000 applications from individuals wanting to start a business and distribute close to \$30 million in licensing fees collected on behalf of our partner agencies. Each month, we answer 8,000 phone calls and 1,000 emails from individuals wanting to register or make changes to their business license and mail an average of 1,500 licensing application packets to prospective businesses.

LENDING ECONOMY

Our services to banks and other lending institutions help ensure the security of loans issued to citizens. When a bank issues a loan, they want to know they can recover their funds in case a borrower defaults. DOL’s service allows lenders to establish their priority order for recovering funds in case a borrower defaults and to search for information online to see if other lenders might have rights to the collateral.

TRUCKING INDUSTRY

Our services for the trucking industry help improve the flow of goods and services across the state. DOL partners with WSP, DOT and the Washington Trucking Associations to garner federal funds for a program allowing participating trucking companies to use state-of-the-art electronic transponders. These transponders transmit information about their trucks without stopping at ports of entry and weigh stations. In addition, the

program allows the interstate trucking industry to apply for vehicle registrations and file fuel tax returns via the Internet.

We also administer requirements of international programs that allow one-stop vehicle licensing and fuel tax filing services for Washington-based interstate motor carriers. These programs significantly reduce the paperwork and compliance burdens for fuel tax licensing, reporting, and payment of fuel taxes for interstate motor carriers. Under these programs, an interstate motor carrier only needs one fuel tax license and vehicle registration, issued by the base state, to operate in all states and Canadian Provinces that are members.

MISSION, VISION, GOALS AND OBJECTIVES

MISSION

We are an agency that protects the public safety and welfare in all areas we license and regulate, and ensures the fair, timely, and efficient collection of revenue.

VISION

We will be surprisingly innovative, setting new standards for customer service, consumer protection and public safety.

GOALS

- ♦ Set new levels of excellence in customer service and satisfaction
- ♦ Prevent physical injury and fatalities.
- ♦ Prevent crimes and property loss.
- ♦ Collect revenue to support transportation, law enforcement, and mobility of goods and services
- ♦ Help businesses thrive.

OBJECTIVES

1. Identify and license qualified drivers, vehicles, businesses, and individuals practicing key professions.
2. Ensure compliance with safety standards by conducting audits, investigations, background checks and inspections.
3. Apply penalties (such as removing or restricting licenses, assessing fines or remedial education) when standards are not met. Restore privileges, such as reinstating licensure, when standards are achieved.
4. Educate and share information with citizens.
5. Collect and administer revenue.
6. Administer activities effectively.

STRATEGIES

1. Strengthen enterprise solutions to improve the safety of people and property, economic vitality and the effectiveness of government across state, local and federal entities.

Much of DOL's work is possible only through ongoing coordination of information and procedures with other governmental and private entities. These interdependencies require our processes and systems to be compatible and interactive across all levels of government. Maintaining this level of inter-operability requires ongoing re-engineering of processes and information systems, often with no additional resources. We have made enormous achievements in providing enterprise solutions to Washington citizens, modifying systems to connect with federal government databases to prevent fraud and expanding centralized business licensing beyond state jurisdiction to cities.

In the coming biennia, we plan to strengthen our ability to affect enterprise solutions by:

- ♦ Continuing a national partnership to detect and prevent fraud;
- ♦ Continuing a national partnership to prevent car theft and title washing;
- ♦ Strengthening support systems used to collect and distribute revenue on behalf of state and local government; and
- ♦ Expanding a state, local, federal partnership that provides businesses in Washington with "one-stop" licensing.

2. Strengthen detection and prevention of fraud and other crimes.

Identity theft is the fastest growing crime in the nation. Washington State currently ranks ninth in the United States for identity crimes. Last biennium, we launched major initiatives to protect citizens of Washington State, partnering with federal government agencies to detect and prevent fraud associated with driver, vehicle and vessel licensing.

In the 2006-11 biennium, the department plans to strengthen efforts to prevent identity theft and other consumer fraud by:

- ♦ Completing implementation of digital photos and signature. Currently, 70 percent of licensed drivers have a digital license. By mid-2005, we expect nearly 100 percent of our drivers will have a digital license.
- ♦ Enabling the agency to digitally capture information from citizens' birth records in order to strengthen the accuracy of driver license data;
- ♦ Enabling authorized law enforcement and regulatory agencies to access digital photos and driver and vehicle information electronically. Full implementation is projected for late 2007. We expect this service will reduce workload, allowing staff to better utilize their skills for identity crime investigations and internal fraud.

- ♦ Applying more staff resources to the investigation of consumer fraud or negligence in the areas of driver licensing and real estate appraisal assessments;
- ♦ Creating a specialized vehicle services fraud unit to detect and prevent fraud related to vehicle titling and vehicle dealer sales;
- ♦ Providing training to law enforcement agencies in proper firearms licensing procedures;
- ♦ Allowing law enforcement personnel to enter license data directly into the DOL firearms database. We plan to implement this enhancement during the 2007-09 Biennium.
- ♦ Enabling consumers to check the status of licensed professionals to see if they have a record of violating safety standards;
- ♦ Conducting background checks on job candidates who would perform data sensitive duties;
- ♦ Providing nationally recognized training to titling and licensing staff to more quickly recognize fraudulent and counterfeit vehicle documents;
- ♦ Providing law enforcement agencies direct access to vehicle and driver licensing data; and
- ♦ Pursuing legislation to strengthen our effectiveness in regulating professions.

3. Strengthen the examination processes that allow us to license qualified drivers and practitioners.

Examining the knowledge and ability of applicants is DOL's primary means to ensure that only qualified people are licensed, thus screening out those who could endanger the public. In the coming biennia, we plan to strengthen our exam process by:

- ♦ Pursuing mandatory reporting by physicians when a patient is identified to have a medical condition which impairs their ability to safely operate a motor vehicle;
- ♦ Using driving simulators to test first-time licensee applicants and drivers with health and vision issues;
- ♦ Evaluating the ability to drive based on fitness rather than age; and
- ♦ Determining the appropriateness of offering a national exam for some regulated professions.

4. Operate efficiently, saving the state money.

In these times when all of state government is required to do more with less, the cost of goods and services must constantly be analyzed and prioritized for savings. During the 2006-11 Biennium we plan to increase efficiencies by:

- ♦ Developing a 10-year facilities plan to show the cost/benefit of owning versus leasing facilities and looking for opportunities to collaborate with other programs or agencies;
- ♦ Migrating individual applications to more stable, common architecture to avoid high maintenance costs and Department of Information Services (DIS) charges;
- ♦ Increasing usage of online services;

- ♦ Purchasing software to strengthen address verification to reduce the amount of returned mail;
- ♦ Acquiring new laser printers, saving money on forms; and
- ♦ Developing a new Vehicle Field System to avoid high cost system crashes and make processes more efficient.

5. Serve citizens in such a way that we foster trust and confidence in state government.

In July 1999, wait times in some of our offices were as long as three hours. Today, the average statewide wait is 10.9 minutes. In early 2003, we had multiple telephone servicing groups throughout the agency. By year-end this consolidation reduced the percentage of busy signals our citizens received from 76 percent to 2 percent.

Over the next six years, we plan to continue improving services for our citizens with immediate access to accurate information by:

- ♦ Eliminating busy signals for the entire agency and reducing hold times to industry standard levels;
- ♦ Increasing telephone self-service capabilities with 24-hour-a-day through Interactive Voice Response (IVR);
- ♦ Researching and implementing acceptance credit and debit card payments over the counter;
- ♦ Improving the clarity of forms and letters we send to citizens; and
- ♦ Improving the measurement, monitoring and reporting of customer service in terms that are meaningful to our citizens.

6. Make it easier for citizens to do business with us through “self-service” options.

In 2000, DOL “went live” with our first Web-based self-service option, allowing business owners to submit their business license application online. Four years later citizens can complete more than 30 services via the Internet, including replacing their driver’s license and identification card, renewing license tabs, obtaining their commercial vehicle registration, renewing their professional license and completing a business application online – all from the convenience of their own home, 24 hours a day, 7 days a week (24x7).

Over the next six years we will expand our Internet services to enable citizens to do much of their routine business (such as drivers license renewals) online at their convenience. These include:

- ♦ Providing enhanced features citizens requested to existing services;
- ♦ Upgrading existing systems to remain current with technology;
- ♦ Securing resources to afford credit card fees; and
- ♦ Raising awareness of online services to increase usage.

7. Implement technologies to provide new, innovative solutions to customer service.

DOL began establishing itself as a leader in technology in 2000 with the launch of its first Web service delivery. Few government agencies offered Internet services at the time. Consequently, we had little in-house experience developing and supporting such systems. Our staff had a steep learning curve but learning spread quickly across the agency. Today, the agency offers more than 30 Web service delivery options. During the same period, DOL began experimenting with technology to image documents, allowing access to information electronically rather by paper.

Such initiatives provided innovative technology solutions to citizens and ultimately earned us recognition by the Washington Software Alliance in 2001 as the “Best in Washington State for Government Agencies” and by the International Association of Commercial Administrators for “Best System” (internationally) in 2002 for our system to manage loan information for financial institutions.

In the next six years DOL plans to pilot new technologies to keep us on the forefront of customer innovation, including:

- ♦ Expanding access to information through electronic document management (imaging);
- ♦ Developing a wireless technology system to allow staff in the field doing drive test and on-site inspections to upload data without being tied to a PC;
- ♦ Data warehousing to make information in our database more available and more flexible for reporting statistics used in decision-making;
- ♦ Introducing Business Intelligence software to make information on workload, performance indicators, trends, and resource analysis easily obtainable; and
- ♦ Implementing an electronic fuel tax return system with a component to capture detailed fuel distribution information to ensure efficient revenue collection.

8. Continue to build a reliable, current information management infrastructure.

DOL maintains millions of records of the individuals, vehicles, professions and businesses we have licensed, housed on separate, stand-alone information platforms. We maintain additional systems to collect taxes and manage revenue. Many of these systems, built in the 1960s, have become antiquated and are no longer supported by the vendors who used to maintain them. In the 2003-05 Biennium, we began an initiative to move separate applications to a common technology platform for use by all agency programs.

Over the next six years we plan to continue our efforts to strengthen our information management capabilities, including:

- ♦ Designing and developing a new titling and licensing system to collect vehicle and vessel title and registration fees and process transactions;
- ♦ Researching the feasibility of migrating our centralized business licensing service off an IBM mainframe system to a more current platform;

- ♦ Upgrading the system housing loan information for lending institutions to a Windows environment;
- ♦ Clarifying and expanding our policies for electronic record retention; and
- ♦ Continuing to solidify plans for resuming business after an emergency.

9. Be accountable for results, ensuring the performance of people and processes.

Across the nation, we see a greater desire for a more open, transparent and accountable government. In Washington, an increasing emphasis on performance audits and establishment of the Priorities of Government, increasingly called upon agencies to demonstrate the results they're delivering for tax dollars. The same expectation for accountability of performance is also reflected in the Personnel Service Reform Act, currently being studied and implemented.

In the next six years the agency will strengthen performance and accountability by:

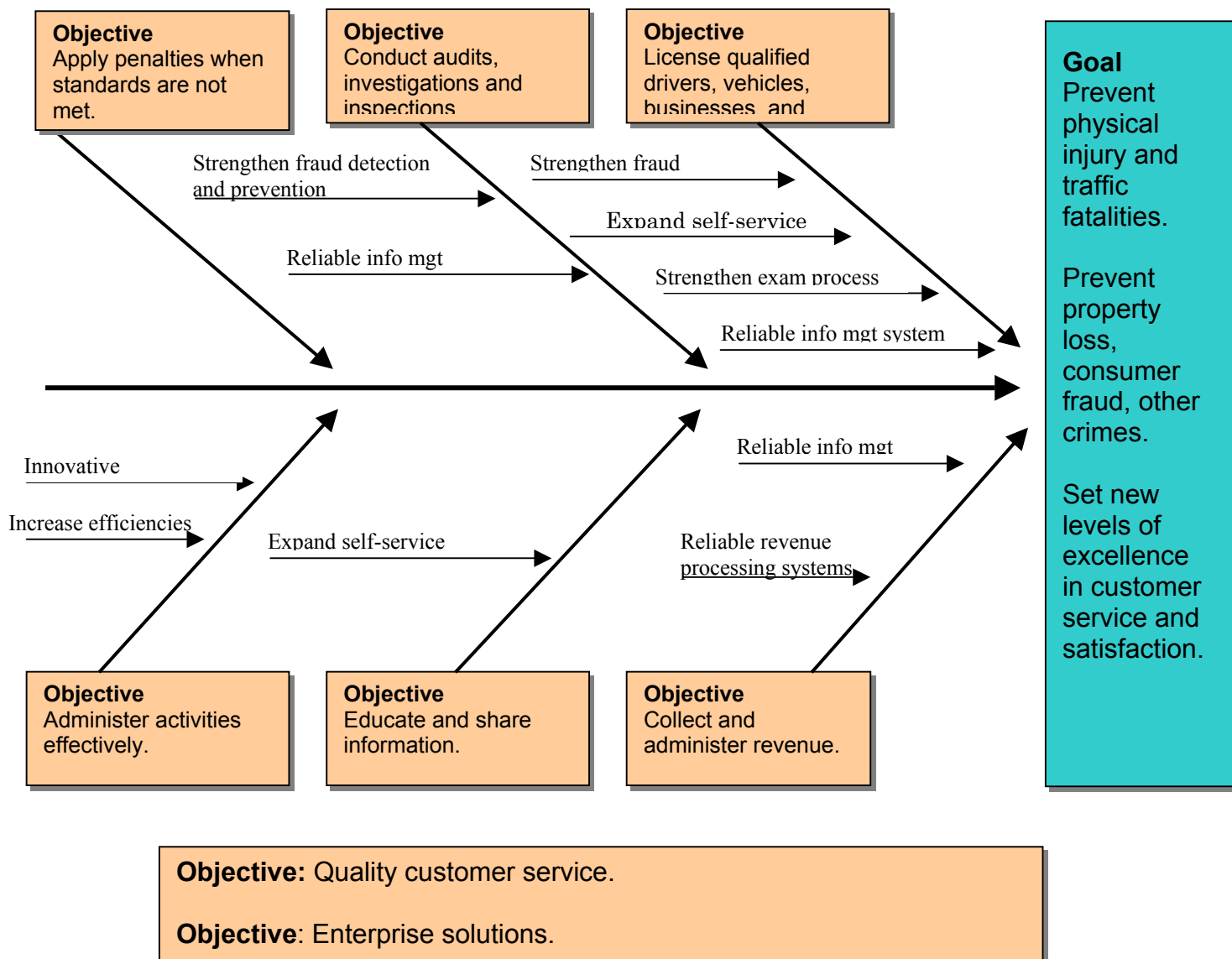
- ♦ Implementing regular Licensing Business Reviews in which we set and evaluate our performance against targets;
- ♦ Completing service level agreements between business units within the agency; and
- ♦ Aligning and strengthening our system of internal audits and controls.

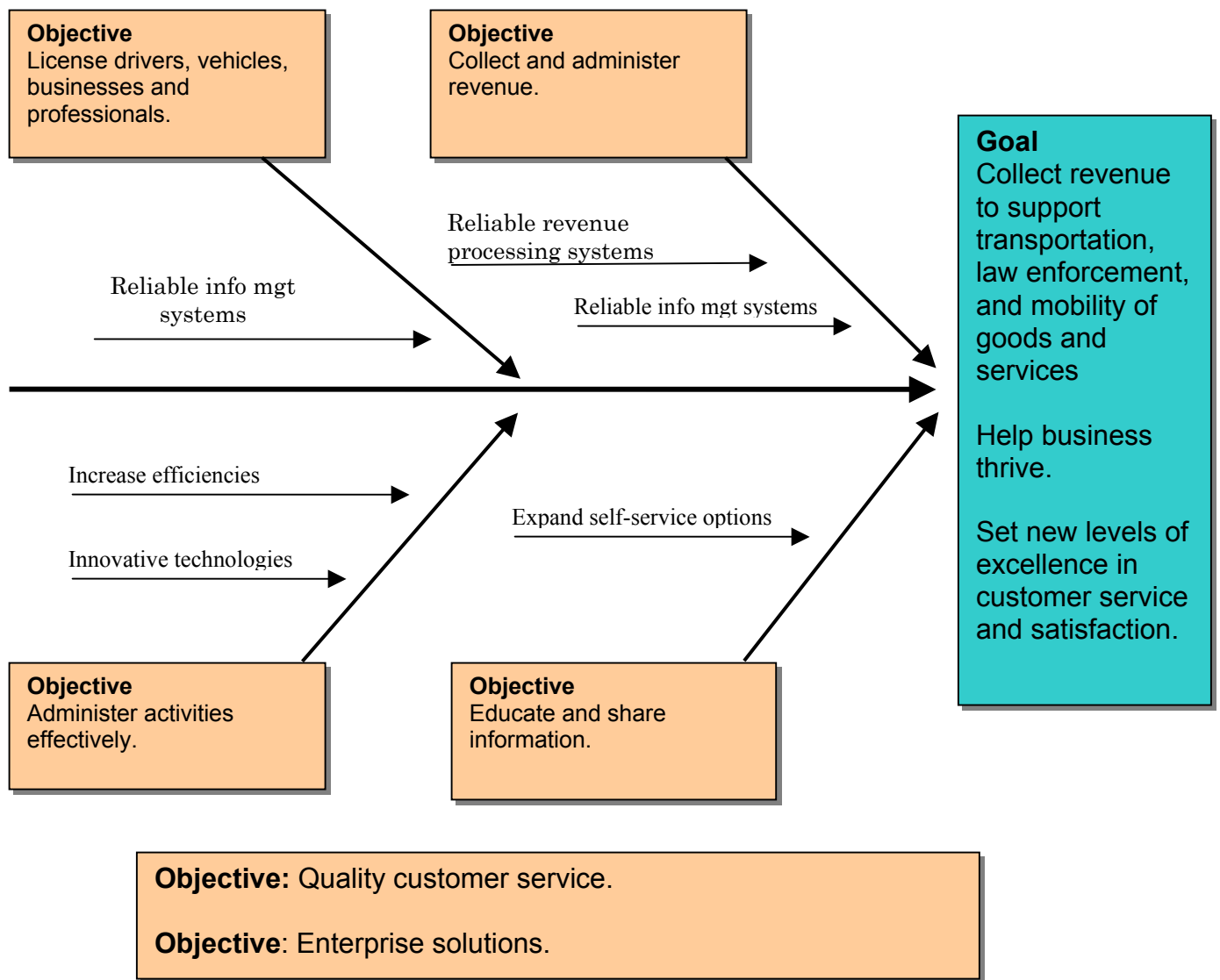
10. Continue to build reliable, current systems and procedures for processing revenue.

As part of its licensing and revenue collection activities, DOL sends bills and renewal notices, ensures payments are credited to the right account, and processes incoming revenue within the statutory requirement of 24 hours. We implemented significant technological enhancements to improve customer service that have impacted revenue processes, such as credit card payments via the Internet and a single payment for "batch" processing, as well as other alternative payment options.

Over the next six years DOL plans to strengthen its capacity for managing revenue quickly accurately and efficiently by:

- ♦ Developing an integrated revenue management system;
- ♦ Standardizing revenue management procedures and tools to promote greater effectiveness in revenue collection and allocation;
- ♦ Expanding alternative payment options available to citizens, such as credit payments for new Internet services, batch payments, electronic fund transfer and automated clearinghouse payments;
- ♦ Strengthening cash handling practices at counters;
- ♦ Improving systems to capture critical fuel tax data to ensure accurate revenue collection; and
- ♦ Designing and developing a new titling and licensing system for use by 185 offices staffed by vehicle licensing agents and subagents.

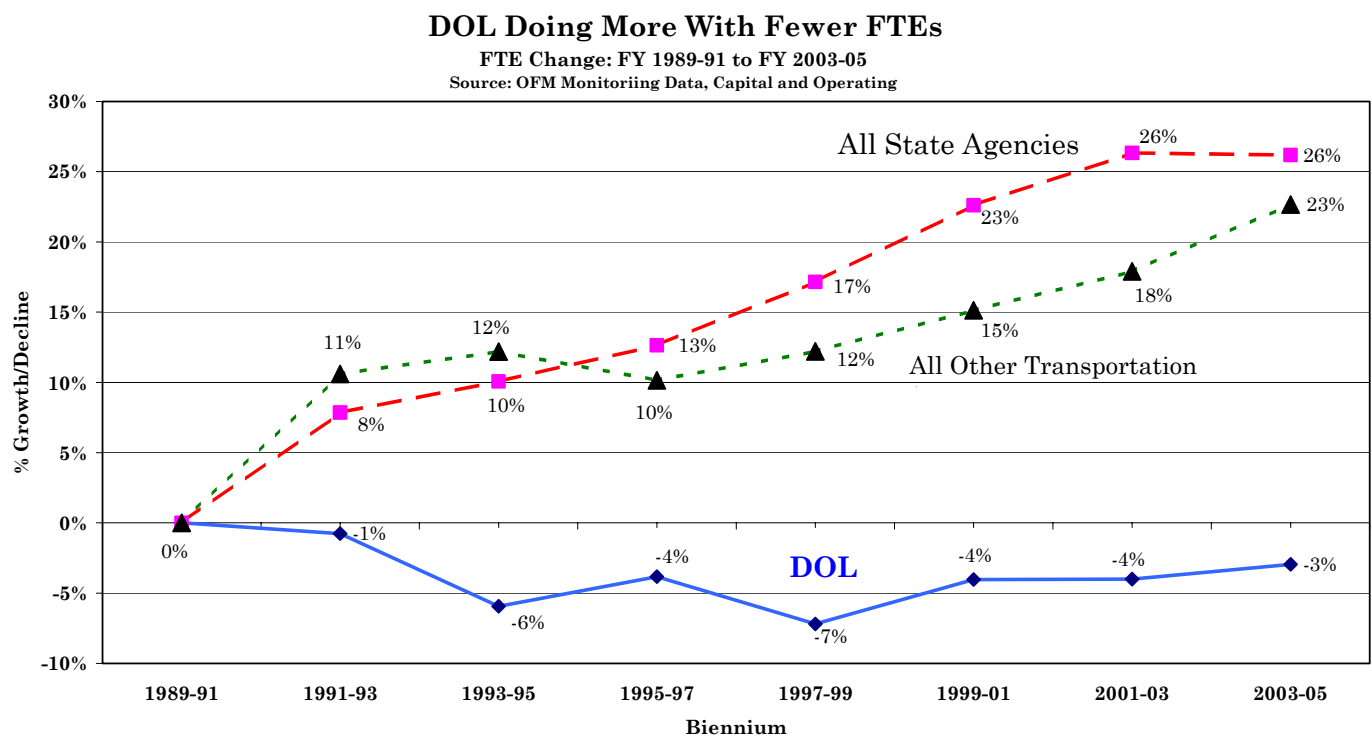




COST REDUCTION STRATEGIES

AGENCY

The department of licensing's effort to increase public value the use of technology is reflected in our FTE numbers. The chart below illustrates the how DOL compares to the rest of state agencies and a subcategory of all transportation agencies less DOL. While most state agencies have experienced substantial growth in FTEs, DOL has experienced a decline despite increases in the number of vehicles, drivers and businesses.



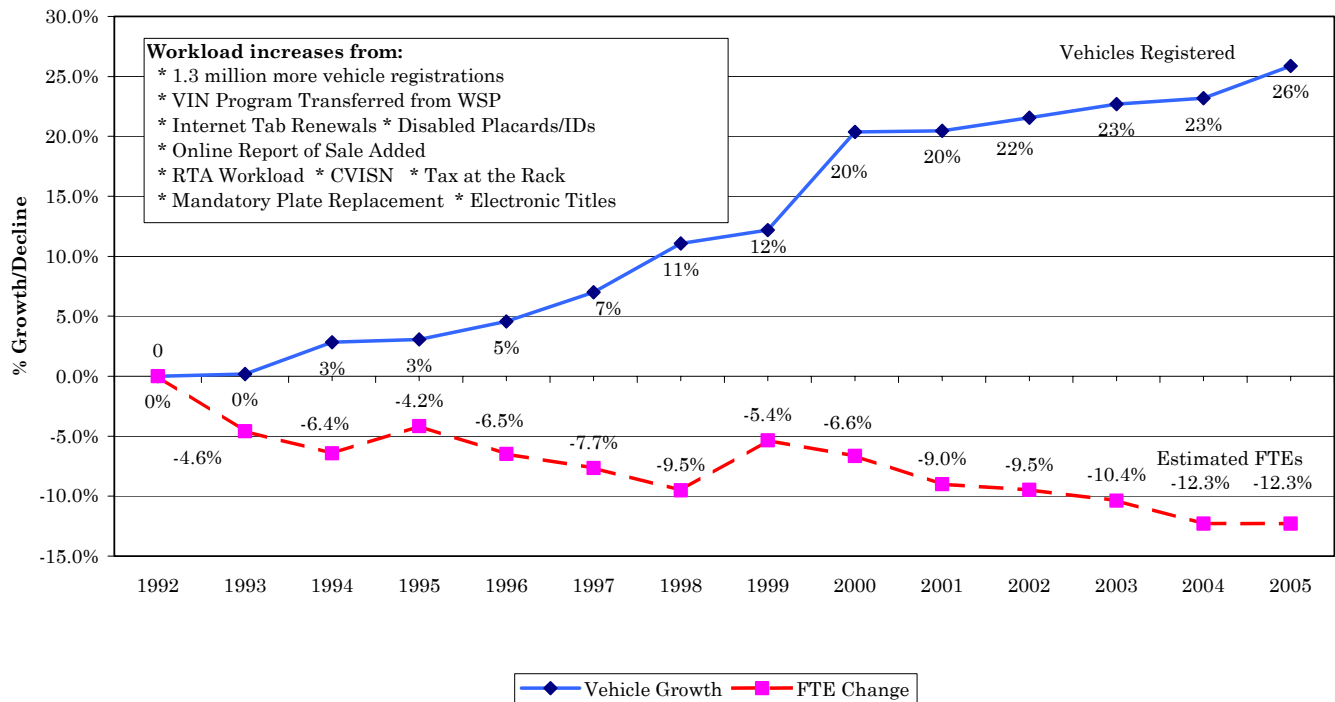
The department is committed to seek innovative ways to deliver services and increase the value received from public dollars.

VEHICLE SERVICES

Title and Registration Services has a long history of using technology and innovation to provide high levels of customer service while reducing expenditures and FTEs. This chart shows the increased levels of vehicles that have been registered over the past 15 years while FTE levels have decreased.

Vehicle Division FTE Story: More Workload, Fewer FTEs, Better Service

Source: LEAP Historical Tables, OFM Data Book and DOL Projections for 2003-05



This activity has reduced costs and increased service in many, innovative ways. In Fiscal Year 2001 the agency implemented:

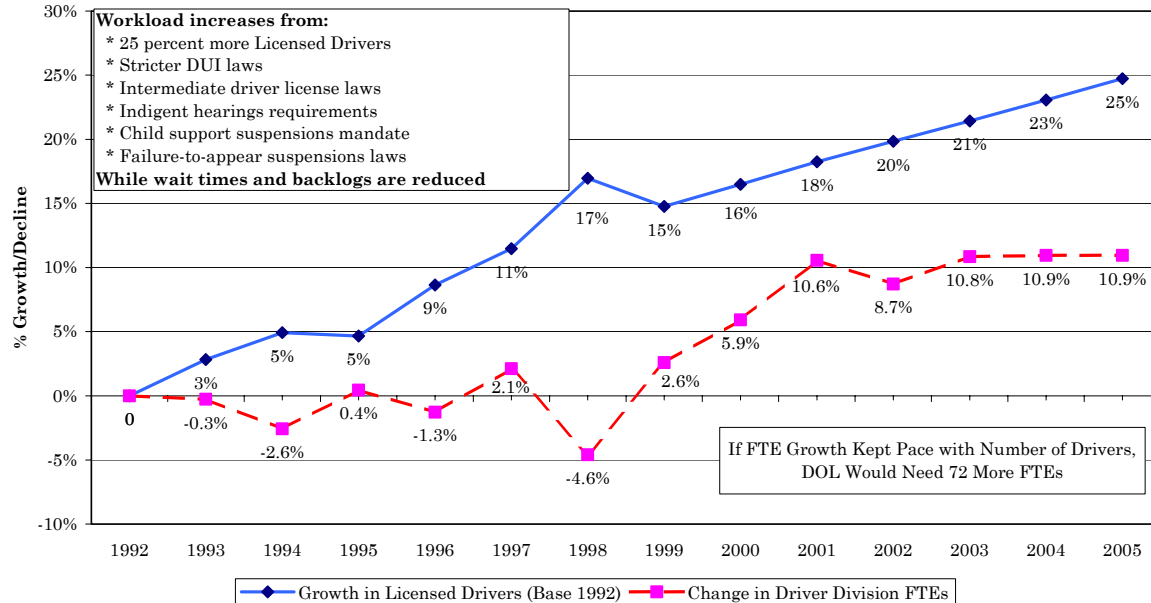
- ♦ Bi-monthly vehicle renewal notices saving \$241,000.
- ♦ Eliminated front license plate tabs saving \$295,000.
- ♦ Weekly (rather than daily) mailing of vehicle titles saving \$304,000.
- ♦ Implementation of postcard vehicle registration renewal notices saving \$477,000.

In the 2001-03 Biennium, Internet vehicle registration went on-line allowing Washington State vehicle owners to renew their vehicle registrations from anywhere at any time. Our citizens save time and money by doing business online. This has become of the most popular programs offered by the State with over a million registrations done since going online in.

DRIVER SERVICES

Driver License FTE Growth Much Less Than Workload Increase

Source: LEAP Historical Tables, OFM Data Book and DOL Projections for 2004-5



Improved Driver License System

On January 1, 2003, Driver Services successfully implemented the electronic interface between the lobby management system, the knowledge testing equipment and the digital driver license systems. This allowed the three systems to “talk” to each other. By providing shared information over these systems the number of manual work processes conducted each day in the field offices decreased making the wait times for citizens shorter. Implementation resulted in the savings of one FTE starting in July 2003.

On-Line Transactions

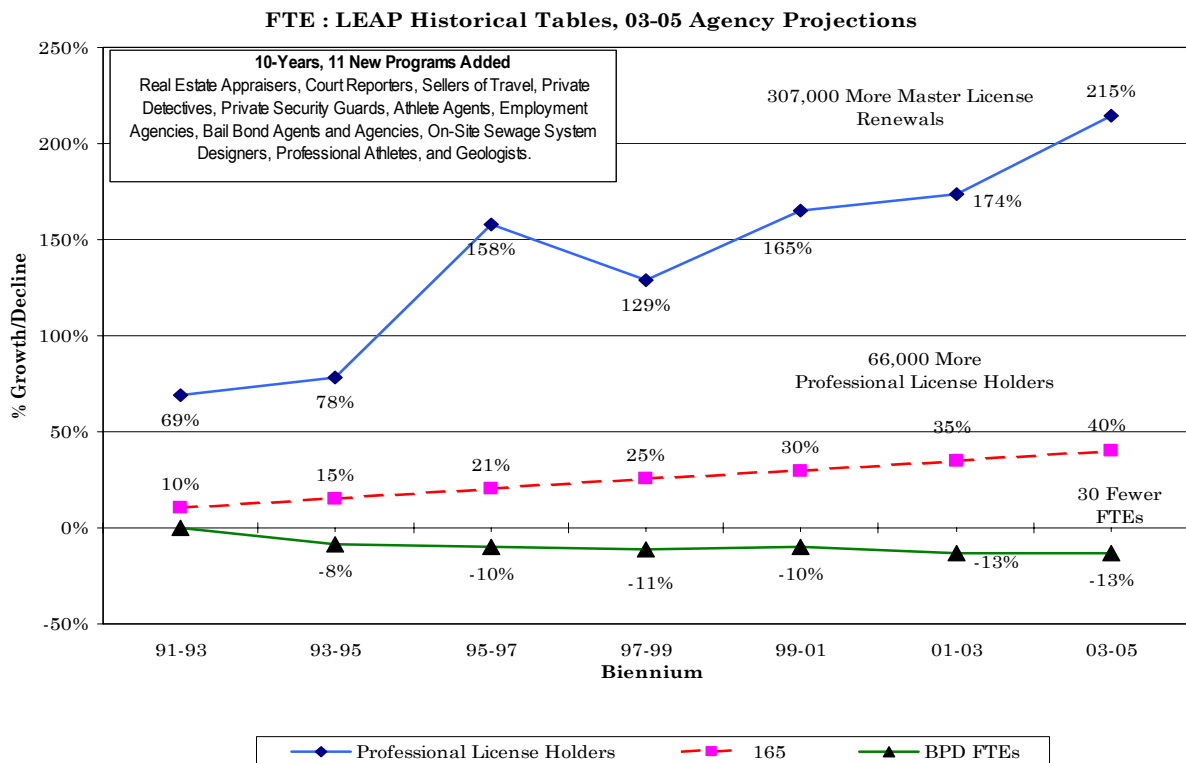
In Fiscal Year 2003 Driver Services implemented four new on-line transactions: issuance of replacement driver licenses and ID cards; display of driver status on specific driver records; request hearings and pay hearing fees; and the ability to view wait times at the driver licensing officers.

These e-commerce and Internet services helped to meet the expectations of the public to provide the most efficient and convenient service possible. Staff work was reduced and resulted in the savings of one FTE starting in July 2003.

BUSINESS AND PROFESSIONS

FTE and Workload Change: FY 1991-93 to FY 2003-05

WORKLOAD UP, FTE'S DOWN



Migration to Venture System

DOL successfully moved the Business and Professions Division's (BPD) professional licensing data and applications from the outdated Unisys computer platform to new server-based system named "Venture". This has allowed DOL to develop more efficient Internet renewals for the 225,000 professional licenses regulated by BPD. It is also now easier for DSHS to conduct mandatory checks for those with delinquent support payments against this new professional licensing database. A similar situation exists at the federal level when checking for unpaid student loans.

The move to Venture enabled the division to more efficiently offer Internet renewals to our licensees. That has resulted in a fewer envelopes and forms to process, fewer checks to process, fewer pieces of paper handled by staff, and fewer bad checks due to nearly instantaneous credit card authorization. Moreover, the online system reduces errors as the program checks for frequently occurring errors.

License Information Management System (LIMS)

In February 2002, BPD implemented a web-based application that allows citizens online access to all of their licensing requirements (federal, state, and local permits) necessary to start or expand a business in Washington State. The current system is easier for citizens, improves the business climate in Washington, increases coordination between levels of government, and provides comprehensive statewide information to individuals looking to do business in this state. This system also includes the ability for prospective businesses to receive Internet links to their application forms, rather than asking for forms to be mailed or faxed to them.

Allowing the public the opportunity to identify the right form and download them saves the agency staff time and money for handling calls, printing and mailing forms. For example, while the number of applications processed at MLS increased by over 19,000 from 2001 to 2003, the number of telephone calls handled by MLS increased by only 8,800 calls. All of the effort MLS has put into creating centralized online information and processing system contribute to this success.

Uniform Commercial Code (UCC) Project

In June 30, 2002 the Uniform Commercial Code program successfully implemented a technology project that established a web-based electronic filing system necessary to comply with statutory requirements. Changing from an IBM mainframe system to a server-based system, as well as undergoing a re-engineering of work processes, reduced the previous 7 to 12 days searches and reporting to only two business days. This project improved service delivery, enhanced the quality of service, and reduced wait times. The ability to accept credit card payments allows electronic filings to be accepted almost instantaneously.

The UCC project resulted in staff working more efficiently as well as spending authority reductions for the agency. During the 2001-2003 Biennium, in anticipation of savings from this project, the UCC operating budget was reduced by \$552,000 and two staff positions. By Fiscal Year the savings increased to five FTEs. These improvements have reduced program costs, allowing this self-supported program to keep the filing fees low.

Online Business Licensing

Beginning in June 2003, BPD provided online payment of license renewals to save businesses time and increase the ease in access. Licensees benefited from the convenience offered by Internet access, creating a 24-hour/7 days a week service environment, and allowing payment by credit card.

Reductions have occurred in both time and money as a result of process improvements as more citizens choose the Internet option. Savings have included the reduced cost of handling paper, automated direct sourcing of revenue, fewer citizen errors, and a decrease in the number of dishonored checks. BPD has also reduced one FTE, saving

an estimated \$72,370 per biennium based on salaries, benefits, and all other staff related expenditures.

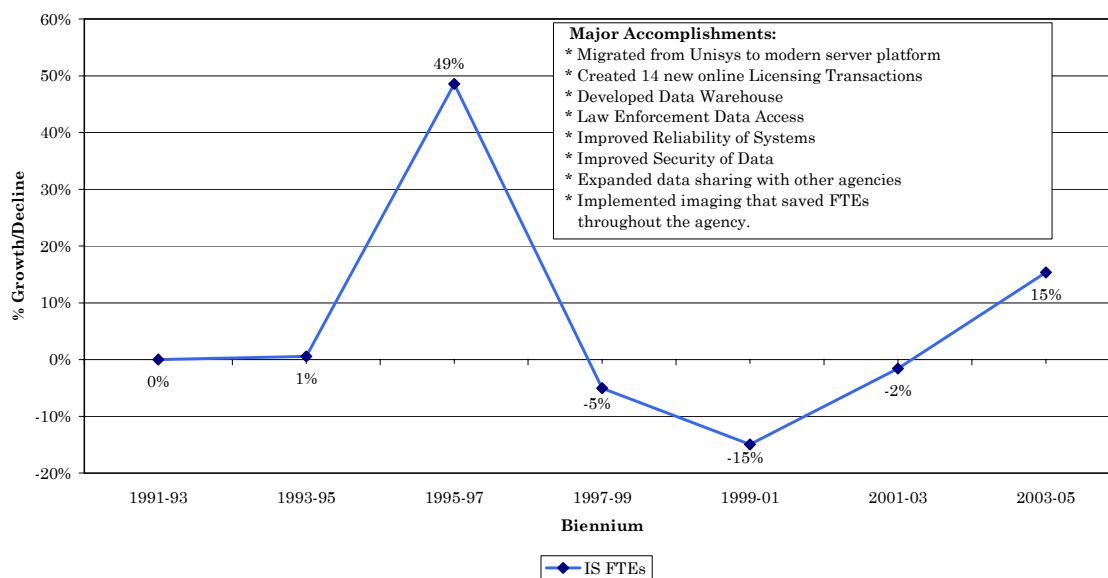
Closing of a Real Estate Field Office

On July 1, 2001 the Real Estate program closed the Spokane satellite office due to a decline in real estate license renewals and the increased cost of doing business. BPD Olympia staff absorbed the low volume of transactions with little or no impact on licensees. This action optimized the cost of services to the real estate industry within the existing revenue stream with minimal impact to licensees and staff. Savings of \$400,000 were generated from the elimination of 3.1 FTEs, as well as facility and other related costs.

INFORMATION SERVICES

Information Services FTE Change: 1991-93 to 2003-05

Source: LEAP Historical Tables and OFM FastTrack



Search and Query

In the 1999-01 Biennium an IT project originally intended to provide a proof of concept to combine Driver and Vehicle data for law enforcement inquiries through the DOL communications unit resulted instead in full implementation of a Search and Query database application. This was done by applying some internal resources along with the funding received through a budget decision package.

The Communications unit can now respond to queries with an automated application where previously they had to look at separate systems and microfiche, and combine the results of their research manually.

Law Enforcement Data Access (LEDA)

In fiscal year 2003 the Law Enforcement Data Access project was implemented. It enhanced the Driver and Plate Search (DAPS) application implemented in November 2000 by adding new functionality and access points for internal DOL staff and the law enforcement community. The DAPS application was modified both in terms of look and feel for web applications and application architecture as well as being converted from an internal intranet application to one accessible via the internet, making it directly accessible to the law enforcement community.

Unisys Replatforming

In FY 2004, the department began the two-year effort to eliminate dependence on the outdated Unisys application for our Vehicle, Vessel, and Driver licensing as well as many internal applications such as revenue and reporting. The department has already moved Vessel and Firearms licensing applications and will have completed the Vehicle move by the end for FY 2004. The move will eliminate approximately \$1 million in DIS costs and improve the service to the citizen.

Imaging Consolidation

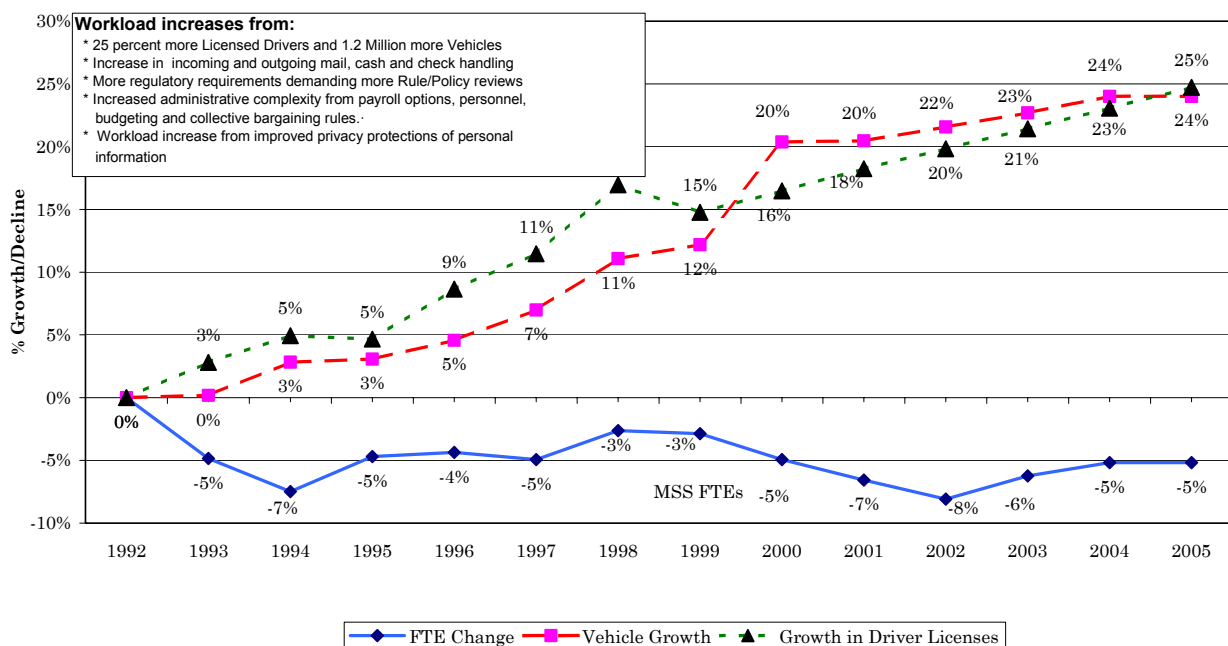
The agency has recently moved to a common imaging technology architecture that has resulted in savings \$270,000 a biennium by eliminating the need for a proprietary software and removal of outdated jukebox technology. Imaging improvements in the regulation of vehicles moves away from inefficient microfilm lookup and scanning images from the field for quick retrieval at the desktop. The vehicles imaging project also streamlined and automated the title release and title examination process.

MANAGEMENT AND SUPPORT SERVICES

Management and Support Services has responded to the increase in workload experienced by the other divisions and managed to hold FTEs below the level in 1992. This occurred at a time of increased complexity in the delivery of M&SS operations including new business processes for the acceptance of credit cards, addressing regulatory reform, human resources reform (collective bargaining and competitive contracting) and making improvements in our cash handling processes.

Management/Support Services: Meeting the Challenge with Fewer FTEs

Source: LEAP Historical Tables, OFM Data Book and DOL Projections for 2004



FUTURE

Cost Reduction Strategy #1: Enterprise-wide Licensing

The Department of Licensing is only one part of a multi-faceted statewide licensing activity that touches upon the mission of many government entities. Different agencies may oversee similar functions or perform similar work but have different regulatory authority to direct or manage those functions. Their differing history and culture result in different rules, work processes and data systems that frustrate not only citizens and business, but also statewide management efforts to increase efficiency and effectiveness.

The DOL has made substantial effort to expand our mission to reach out to other state agencies, local government and the federal government to simplify and ease the public's

effort in complying with licensing requirements. Yet, much more can be done. The department proposes to seek:

- ♦ Performing more licensing for local governments.
- ♦ Collaborating with OFM to implement statewide solutions to sharing data in the public safety area.
- ♦ Pursue opportunities to more tightly integrate state licensing efforts conducted by other state agencies.

Cost Reduction Strategy #2: Consolidations — Combine Back-Office Processes

Combining functions in divisions can reduce costs and time by focusing resources. In addition, a standardized review of all processes would ensure the consistency of programs utilizing best processes. Examples include:

- ♦ Consolidated data entry – Data entry occurs at many levels within the organization. Efficiencies might be achieved by consolidating this function across multiple agency programs. In addition, technology such as bar code readers and intelligent form design can be used to create more efficient data entry.
- ♦ Consolidated citizen feedback methods – The agency receives citizen feedback through a variety of avenues but does not have standards for the data collection, validation or analysis of the information offered by citizens. Listening to citizens is a valuable resource to improve agency management and citizen value.
- ♦ Standardize billing and payment processes – Today the agency sends out bills in a variety of formats and process payments through many different processes. Standardizing on a redesigned billing system could yield efficiencies through faster, less error-prone processing and reduced confusion.

Cost Reduction Strategy #3: Self-Service – Alternative Service Delivery

Public acceptance of self-service options is rapidly growing. Maximizing use of alternative service approaches such as e-commerce will eventually change the way the state does business. When a critical mass is achieved, it will reduce costs, processing time, and increase the efficiency of overall operations. The major obstacle has been and continues to be the willingness to fund the costs of credit cards and other payment options.

The agency will seek partnerships with other state and local agencies to find lower cost alternatives to implementing self-service options. This may include debit cards, e-checks and EFT expansion.

To increase the number and utilization of self-service alternatives the department will seek to:

- ♦ Expand Fuel Tax and Motor Carrier Services (FTMCS) use of its Internet based system for obtaining registrations for interstate commercial vehicles.

- ♦ Add New Title and Registration Services — New services include applications for duplicate titles, dealer temporary permits, renewal of parking privileges for individuals with disabilities, applications for specialized and personalized license plates, plate replacement, and vessel reports of sale.
- ♦ Allow trade name lookup on internet – This will improve access and reduce time to deliver a commonly asked piece of information.
- ♦ Pursue authority for law enforcement to access digital photos for the purpose of constructing photo montages – this will reduce workload and improve service for both law enforcement and DOL.
- ♦ Expand use of paperless titles – Work with financing companies and the public to increase the use and acceptance of electronic titling.
- ♦ Establish a “customer-centric” service strategy – Beginning with a single citizen identifier to improve service over the internet and in other service delivery modes.
- ♦ Implement phone-based citizen response services – While the internet is a valuable and necessary access point for certain services, many self-service opportunities exist over the phone. This can expand self-service opportunities for those without internet access or for those uncomfortable doing business over the internet.
- ♦ Implement “Plain-talk” standards – A major barrier to citizen self-service is speaking and writing in ways the citizen can’t easily understand. Failure to do so results in additional calls and in-person visits and is a missed opportunity for self-service transactions.

Cost Reduction Strategy #4: Enterprise Data and Analysis — Result Team Focused and Internal Operations

Priorities of Government have highlighted the connections between agencies in achieving public value. The 9-11 reviews have demonstrated how various government agencies had the pieces of data needed to disrupt the terrorist plan, but no effect tool or vision to put the pieces together. Increasing the results at the least cost requires an enterprise-wide perspective in the use and development of new systems. It requires new methods of bringing together and holding accountable managers for the statewide results. This will require breaking down the natural organizational barriers.

Examples:

- ♦ Improve the ability to share and access information internally to the organization.
- ♦ Develop the tools to seek business intelligence (i.e., data mining) from the data.
- ♦ Improve the ability to share and access information externally to other organizations that contribute to the same results. The expansion of the Law Enforcement Data Access project is an example.
- ♦ Develop the tools to seek business intelligence from the data that can be shared with other organizations that contribute to the same results.

The agency will seek partnerships with other state and local agencies and look to the leadership of OFM and other agencies with leadership roles.

Cost Reduction Strategy #5: Get a better return on investments – Identify and Implement ways of improving the value received from current capital investments

- ♦ Turning rent dollars into investments — The DOL spends millions on rented space and misses the opportunity to stabilize costs and experience appreciation in value by failing to identify rented buildings suitable for purchase. The agency also needs to be more entrepreneurial in its overall leasing strategy to take advantage of fluctuating real estate market conditions.
- ♦ Get more value out of LSO investments – Discover which office configurations and work processes are the most effective and hold offices accountable for implementing best practices. Include the exploration of how to best use bar codes already on driver licenses and whether digital photo capture at each LSR window is cost-effective.
- ♦ Fully exploit our technology investments – The capability of our technology base is greater than our current use. Improving user skill in using the tools already found on the desktop can yield greater value from the current technology. With additional investments, voice over the internet (IP) and the convergence of other technologies can result in savings and/or service improvements.
- ♦ Expand the use of imaging – Opportunities exist to spread the use of imaging that, if married with improved work processes, can improve efficiency and customer service. Analysis of the “life cycles” of paper, from form creation to disposal, needs to be conducted to identify high value targets of opportunity. Partnerships with other agencies and businesses that use the data or documents need to be established. Examples may include imaging all vehicle documents at the initial collection point auditors, subagencies, courts, banks etc.
- ♦ Empower the field – Use wireless technologies to improve on-site effectiveness of auditors and investigators. Provide complete citizen information at the site visit and facilitate one-time entry of gathered information (no more returning to office to write-up notes or re-keying data).
- ♦ Decouple technology from buildings – Use wireless technology to break the electronic cords that tie services to buildings. The technology exists today to go mobile with services now associated with brick and mortar facilities. For example, exploring how business processes might be changed to take advantage of these technologies can make it easier for driver licensing services to go where the citizens are. Examples include high schools, drive schools, new employers and military facilities.

ISSUES AND BARRIERS

CITIZEN EXPECTATIONS FROM GOVERNMENT

Instant Information

The demand for instant 24x7 information and online services continues to grow. Citizens expect government to provide services comparable to private business without increasing costs to citizens or increasing taxes. Moreover, businesses and individuals have begun expecting to be able to transfer money electronically.

Solution: Expand the amount of information, assistance and services citizens can access 24x7 via the Internet and phone automation.

One-stop State, Local and Federal Government

The trend toward one-stop public contact is also growing. Increasingly, other governmental agencies and businesses want DOL to maintain information or perform a service on their behalf. Implementing these kinds of partnerships requires DOL to modify its systems and processes to be interoperable with other organizations' systems. These partnerships allow DOL to provide coordinated and seamless services to the public, however, the number and magnitude of these changes taxes our Information Technology staff resources.

We see the expectation for seamless government services in many fronts. The people we license and regulate to practice professions are increasingly demanding that Washington recognize and accept licensing credentials issued by other states and jurisdictions even when licensing requirements are different, a practice called "reciprocity." There is also a growing expectation that the same exam will be used across the nation to qualify people to practice regulated professions.

Solution: Increase the flexibility of operations through adaptive information technology systems and by exploring the appropriateness of reciprocity agreements with other jurisdictions and uniformity of practices and requirements.

Citizen Voice

Citizens are increasingly aware they have a voice with state agencies. Demands for flexibility and options affect agency processes, which comes at a cost since more of the work becomes "exception" rather than mainstream processing. For example, the increase in legislation through citizen initiatives immediately impacts business outcomes and processes.

The public's growing voice with government is also reflected in the number of public record requests. These requests can consume a significant amount of staff resources and put stress on our record management processes.

Diversity

DOL continues to see an increase in the number of citizens who have a primary language other than English. We continue to provide materials, such as examinations and forms, in multiple languages to assist these citizens. We also provide translators at counters, over the phone and at hearings and oral exam situations when requested. The agency currently employs 60 bilingual employees and continues to re-assess the quantity and location of bilingual staff based on citizen need.

Coordination with State, Local, Federal Governments

Much of DOL's work to keep the public safe from physical injury and property loss and to support the economy is possible only through ongoing, daily coordination of efforts with state, local and federal government as well as private entities. Partnerships with law enforcement and government agencies help to keep unsafe individual and commercial drivers off the roads; partnerships with state and federal governments help protect Washington citizens from identity theft and other forms of consumer fraud. A partnership with the Washington State Patrol helps prevent fuel tax evasion. Partnerships with the courts and the state Attorney General's office protect the public from misrepresentation, misuse of their funds, deceptive advertising, and other types of consumer fraud. Partnerships with multiple state, local, tribal and private entities enable DOL to collect over \$3 billion in revenue for the state. Another ongoing partnership with state, local and federal government makes it possible for business owners to have "one stop" business licensing. Maintaining this level of coordination requires ongoing adjustments to processes and information systems, often with no additional resources.

Solution: Continue strengthening partnerships to achieve enterprise-wide solutions across all levels of government.

Solution: Continue exploring methods to fund needed improvements.

INFORMATION MANAGEMENT

Competing Demands from Citizens

We have made enormous achievements in providing enterprise solutions to Washington citizens. In addition to the system modifications to connect with national government to prevent fraud, we continue our efforts to provide coordinated business licensing across multiple state agencies and to local government.

While we have been successful in many efforts with other governmental entities to strengthen public protection and provide seamless customer service, it has not been without a cost. Demands from multiple, unrelated external customers and stakeholders pull agency resources in different directions.

Solution: Strengthen our project planning methodology; quarterly planning; and implementation of the Capability Maturity Model.

Managing Millions of Records on Outdated Systems

Because many of DOL's systems were built in the 1960s, using less flexible technology, enhancements could be done only piecemeal rather than system-wide. Consequently, our information technology resources were used to make countless small, incremental improvements. This meant that many of the improvements needed by business areas got backlogged, leaving staff to do manual work-arounds because technology was inadequate. Although our information technology was inadequate for our own internal purposes, citizens expected technological solutions such as online service delivery; other governmental entities expected us to undertake more joint enterprise solutions; and the legislature expected us to implement requirements from new legislation.

Current solution: In the 2003 – 05 biennium, we began a broad-sweeping initiative to create a common, robust technology platform for use across the entire agency, allowing us to provide more and improved services for less cost. Re-platforming allows us to manage systems where improvements can be made system-wide rather than through individual hard-coded enhancements. To date, we have migrated 27 professional licensing activities, firearms records and our loan information to current and flexible computing platforms.

Future solution: In the coming biennium, migration continues for the system used in field offices for vehicle licensing, titling and registering from an antiquated HP 3000 to the Windows .NET environment, adding additional features and enhancements.

Long-term solution: Create and manage a single, integrated system for all licensing activities.

Processing billions in revenue on outdated systems

Like our systems for managing licensing data, our systems for processing revenue were built for specific applications rather than as an integrated whole.

Solution: Strengthen revenue management by developing an integrated revenue management system; standardizing procedures and tools; and strengthening cash handling practices at counters.

Solution: Continue enhancements to improve service by expanding alternative payment options available to citizens, such as credit card payments for new Internet services, batch payments, electronic funds transfer and automated clearinghouse payments.

FUTURE OF OUR ONLINE SERVICES

Benefits to Citizens

Advances in the field of information technology and growth in our IS staff capabilities, have allowed DOL to respond to the public's expectations for instant information. DOL "went live" with our first Web-based self-service option in 2001. Since then, citizens have completed more than 1.4 million transactions with us online.

Today, on the Internet, citizens can find forms, guides and reference materials. Citizens can query our database for select information; and complete more than 30 services from the convenience of their own home, 24x7. We see the use of our Internet services growing slowly, but steadily. This increased usage leads to demands for more services and for expanding the capabilities of the services already offered.

Solution: Continue to improve and expand self-service options available to the public, including alternative electronic payment options. In many cases, upgrading current online services and offering citizens new services will require additional staff and funding.

Solution: Obtain additional staff and funding to upgrade our online services and offer our citizens new services.

Costs to Agency

While online services have increased our level of customer service, they have not all resulted in demonstrable cost savings. While continuing its traditional service delivery, the agency has added Web-service delivery, incurring costs associated with this new service, such as development and maintenance of systems, a 24-hour online help service, increased e-mail workload, and ongoing credit card fees. Over the long-term, we expect significant increases in Internet usage will reduce manual processing, resulting in cost savings to the state.

Solution: Increase usage of Internet services through policy incentives, marketing and system enhancements.

How to Afford Credit Card Fees

Each time a citizen uses an online service and pays by credit card, DOL is charged a use fee. The fee is calculated as a percentage of the total payment. Credit card costs to

the agency are often particularly high for services with a small client base. In smaller programs, there are fewer licensees to absorb the costs of the program. Consequently, their over-all payment is higher, resulting in higher credit card fees for the agency. The agency submits budget requests to cover the cost of credit card fees, however, not all request are granted and we do not pass costs on to consumers. Experience in other jurisdictions has shown that passing credit card charges to the citizen is a deterrent to their use of online services. Without an additional revenue source, it is difficult for the agency to absorb this new cost.

Solution: Pursue additional budget approval for credit card fees.

LEGISLATION

Increasing Industry Reliance on DOL

In the legislative arena, industry members have increasingly called on DOL for input to proposals as they develop legislation, and approached DOL to propose changes as agency-requested legislation. While this early involvement impacts DOL workload, it ultimately helps the industry craft more well rounded legislation that provides a better opportunity for ensuring public protection.

Providing Legislature with Early Information on Fiscal Notes

DOL continues to see more requests for detailed estimates on the fiscal impact of potential legislative proposals, often before bills become final and officially introduced. These estimates can put the agency at risk since we may not know the full fiscal impact when we develop the estimates.

Keeping Statutes Current

DOL activities are authorized under multiple statutes. These statutes were written when programs were first enacted, in some cases, decades ago. Often these statutes need modifying to keep current with today's practices. Sometimes constituents want changes and ask DOL to sponsor them through agency-requested housekeeping bills. Making changes to our many, separate statutes could require us to propose multiple pieces of agency-requested legislation.

Solution: Study feasibility of a single housekeeping statute bill for agency or phased in approach to housekeeping changes.

Unfunded Legislation

As resources remain lean across state government, there is an expectation that agencies implement legislation with no or minimal additional funding.

Staff Workload

DOL continues to do more with less, as evidenced by the increased workloads over the past decade and dropping staffing levels. DOL must perform mandated activities in the face of growing workloads and increasing public demands. Our growing workload, which will likely be compounded by the expected retirement of key positions, creates a challenge for both managers and staff.

In response, DOL continues to improve and reengineer processes to absorb the increasing volume and complexity. We continually examine and improve business processes in order to make them more efficient, flexible, and customer-friendly with technology and resources available, however, these improvements in themselves add to the complexity and volume of staff work. Implementing new processes and systems, such as the migration to new information systems, constitutes a major task for many division staff. On top of their regular responsibilities of serving citizens, staff participate in numerous projects to study and implement improvements. These demands affect all staff. In many cases, we have taxed or exceeded the capacity of our internal resources.

Solution: Promote a culture in which each employee sees and nurtures opportunities for improvement and change. Strengthen cross training and, where possible, move staff into positions of responsibility before they retire, so vital information can be shared. Increase staff awareness and support career development opportunities.

Solution: Strengthen the hiring and promotion process to reward staff based on performance, such as their ability to implement improvements.

Solution: Continue re-engineering processes.

Solution: Continue migration to more flexible information platforms to reduce the need for manual processes.

Solution: When beneficial, apply technology to manual processes, such as electronic data management.

Solution: Recognize the need for additional staff when embarking on new technology projects.

Quantifying Results

Across the U.S., we see a greater desire for a more open, transparent and accountable government. In Washington, performance audits and the state budget and strategic planning process, known as the Priorities of Government, are increasingly prompting agencies to demonstrate the results they're delivering for tax dollars.

Solution: Implement an agency Licensing Business Review methodology to establish and track measures of performance. This methodology would increase the availability and reliability of data used in strategic planning, fiscal notes and budget packages.

Civil Service Reform

The Personnel Service Reform Act of 2002 also reflects this same expectation for accountability for results. All state agencies are seeing growing expectations to have staff serving in the public sector subject to the same performance expectations and competition as in private industry. State government will shift from personnel merit policies that have been in place for decades to a system that will more strongly link employee performance to organizational performance; allow full-scope collective bargaining; and provide the opportunity to competitively contract services. This new system constitutes a major culture change for employees and will require time to implement and administer successfully. We anticipate this complex personnel administrative environment to place much higher demands on managers to understand and implement new performance management requirements.

Solution: Implement a performance management system that clearly ties individual's performance to the success of the organization.

IMPROVING THE SAFETY OF PEOPLE AND PROPERTY

HIGH-LEVEL INDICATORS

Injuries and fatalities

- ♦ Number of traffic injuries, fatalities
- ♦ Number of injuries resulting from the transport of hazardous materials
- ♦ Number of injuries from negligent practice from regulated professions

Crime rate/safety violations

- ♦ Assessed value of property loss from identity theft such as check washing, letter fraud investments, credit card and check theft, loan frauds, and customer impersonation schemes.
- ♦ Assessed value of property loss to retailers, financial institutions, and individual victims resulting from consumer fraud involving misrepresentation, misuse of funds, deceptive advertising, and other violations perpetrated by regulated professionals
- ♦ Number of criminal or unsafe drivers apprehended using DOL records
- ♦ Number of vehicle theft detected and prosecuted using DOL records

HIGH-LEVEL TRENDS

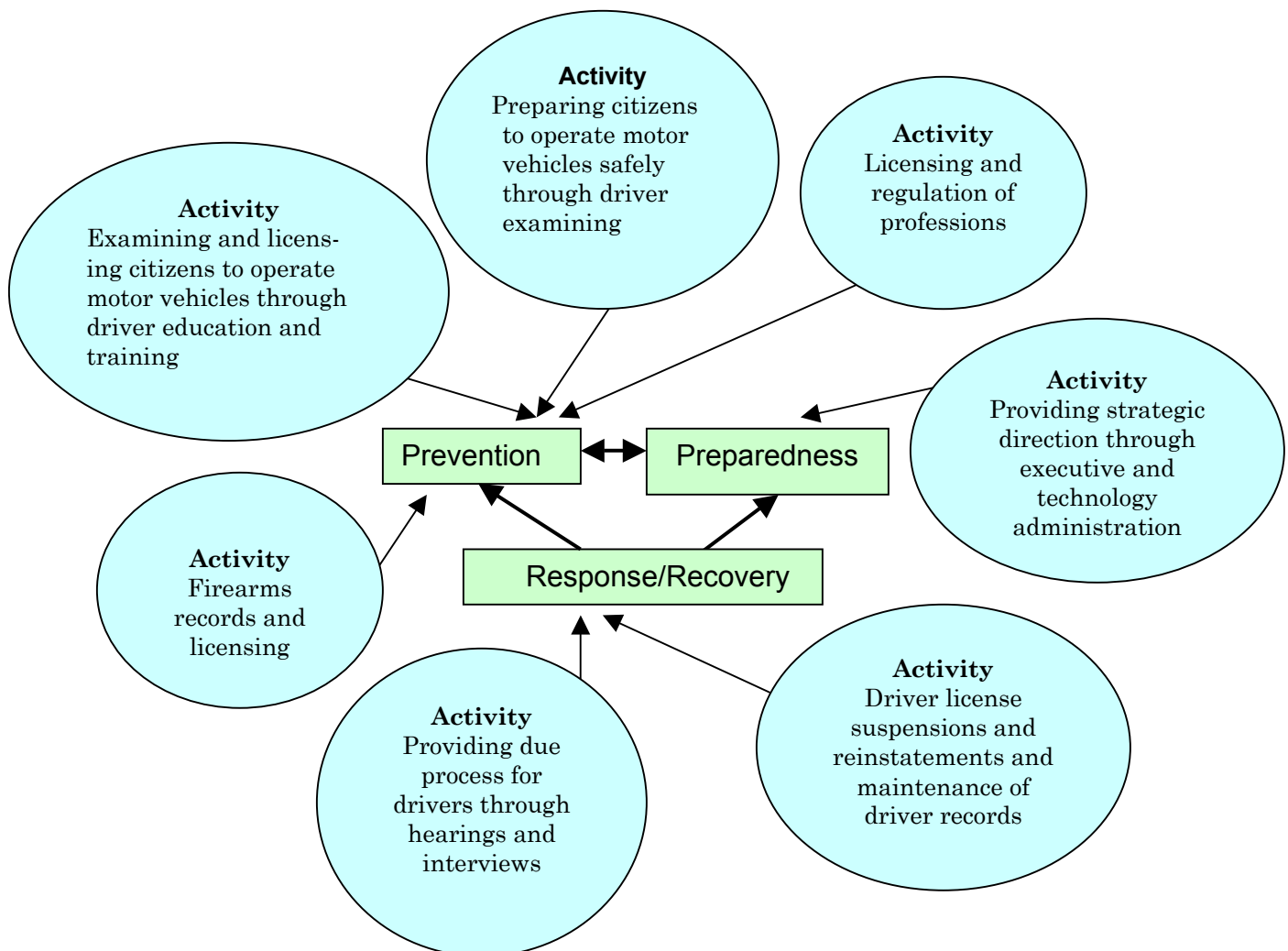
- ♦ Washington ninth in nation for identity fraud
- ♦ Increase in law enforcement's prosecution of identity theft
- ♦ Broad availability of technology that makes it easier to make fraudulent documents that resemble the "real thing"
- ♦ Increased potential for fraud from (and decreased ability to take action against) businesses operating over the Internet
- ♦ Partnerships with federal government and law enforcement to prevent consumer fraud
- ♦ Increase in businesses operating over the Internet makes it easier to perpetrate fraud and harder to locate and take action against perpetrators

- ♦ 39 percent increase in number of older licensed drivers; Related increase in medical and vision related illnesses contributing to collisions and roadway fatalities
- ♦ Continuing desire for state regulation by professions

INNOVATIONS

- ♦ Prevention of counterfeit driver licenses through digital photos; verification of Social Security numbers and addresses and the development of break-through technologies to authenticate identity, such as “biometrics”
- ♦ Solutions possible only through collaboration with law enforcement and other levels of state, local and federal government

Improving the Safety of People and Property



ISSUES AND BARRIERS

AGING OF THE DRIVER POPULATION

In the past decade, the numbers of Americans ages 70 and older grew at twice the rate as the total population, and the number of older licensed drivers grew 39 percent according to the National Highway traffic Safety Administration. As the driver population ages, so do medical and vision related illnesses that contribute to collisions and roadway fatalities. The numbers of older drivers involved in traffic fatalities (13 percent) and pedestrian deaths (17 percent) are much higher than the actual number of drivers (9 percent). According to federal crash statistics, elderly drivers are second only to teens in crashes per vehicle miles traveled.

Solution: Request legislation to require mandatory reporting by physicians when a patient is identified to have a medical condition which impairs their ability to operate a motor vehicle safely.

Solution: Request legislation that requires standards, testing or certification for drivers and provides added resources for driver screening coordination, driver education and rehabilitation using transportation fund resources.

Solution: Secure driving simulators to test first time licensee applicants and drivers with health and vision issues.

DETECTING FRAUD AND THEFT

Reducing Identity Theft

Driver licenses and identification cards are regular tools used to perpetrate identity crimes. The availability of high-tech electronic equipment that makes it easier to create fraudulent documents that resemble the “real” thing has led to a proliferation of identity theft in Washington State. Our state currently ranks ninth in the nation for incidents of identity theft. To address a problem of such magnitude, the department undertook an initiative with the Social Security Administration that allows us to interface with a federal database to verify vital information on the driver’s license, such as social security number, name, and date of birth. We also have digital photo and digital signatures on the license. Recent legislation will allow the implementation of a voluntary biometric system such as facial recognition.

Solution: Enable authorized law enforcement and regulatory agencies to access digital photos and driver’s information electronically.

Solution: Capture citizen birth records digitally for license verification.

Solution: Pursue legislation to allow authorized law enforcement and regulatory agencies to access digital photos and driver's information electronically.

Solution: Increase investigation of driver licensing fraud.

Solution: Perform background checks on candidates for jobs who would be performing sensitive licensing duties.

Preventing Consumer Fraud, Unethical Conduct in Professions

DOL is responsible for ensuring the public is protected from physical or financial harm that could occur when they procure services from a professions regulated by our agency, such as Engineering, Real Estate, and Cosmetology. We do this through screening out unqualified candidates and investigating and taking action on complaints from citizens. To increase consumers' ability to make choices on employing qualified professionals, we want to make our records on disciplinary actions against licensed professionals available over the Internet.

In some professions, such as Real Estate Appraisal, the volume of complaints is so high we cannot address them all in a timely manner and consequently develop a backlog. We continue to streamline processes so that we can handle more work, however, we still lack the capacity to complete all the investigations required in a timely manner.

Solution: Increase resources for investigation of real estate appraisal assessments.

Solution: Enable consumers to access records on violations of safety standards by professional licensees.

Internet Impact on Fraud

There is also a greater potential for fraud from businesses operating over the Internet. With the growth of Internet business, more companies are offering services to Washington residents and businesses without physically operating within the state. The result is an increase in citizens seeking relief for violations of professions we regulate for which the department has limited resources and authority to provide a remedy.

Facilities for Licensing Drivers

DOL provides 68 locations across the state for citizens to take their written exam, drive test or renew their license. While offering numerous locations provides a convenience for citizens, it is also driving up operational costs for the state. The majority of offices are leased and require significant retrofitting to meet our needs for large lobby and parking areas. Unfortunately, this often puts us at the mercy of the landlords and the lease rates that we must pay. It costs DOL about \$4 million annually to operate and maintain

licensing service offices which equates to about 14 percent of the Examining unit's budget.

Solution: Develop a 10-year Capital Plan to combine driver-licensing services in “mega-offices” located centrally with smaller satellite offices that offer express services strategically located. We will also explore potentials for decreasing costs at other licensing facilities.

Solution: Change utilization of current facilities from full-service to limited service by shifting drive testing and business functions to gain operational economies of scale.

Customer Service at Drivers Licensing Offices

Currently, citizens can pay for services they receive at our licensing counters only by cash or check. While we allow citizens to pay with credit cards over the Internet, we are unable to allow use of credit cards at the counter due to financial constraints. The volume of citizens we serve at the counter would adversely affect our operating costs if we tried to absorb the credit card processing fees. With the increased cost of driver licensing, some counter customers would prefer the option of charging the fees on their credit card rather than carrying cash. In addition to providing increased citizen convenience, accepting credit payments could also reduce the acceptance of checks with insufficient funds.

Solution: Request legislation to increase driver license fees to recover the processing fees charged by credit card companies, enabling the agency to accept accepting credit cards for payment at the licensing counters.

Strengthening Communication with Drivers Offices

Because we operate 68 separate driver-licensing offices spread out across the state, it is sometimes difficult to keep staff up-to-date and trained on the most recent changes and requirements. On-line training would reduce costs associated with travel and staff time away from the office. Electronic document retrieval and the ability to transmit documents electronically would reduce costs associated with printing and mailing.

Solution: Expand bandwidth to licensing service offices to allow on-line training.

Solution: Expand bandwidth to driver licensing service offices to allow electronic document retrieval and sending.

Speeding Transfer of Information from Field Locations

Another challenge we face is the timely transfer of information from staff operating “in the field,” away from information systems. Currently, many of our staff performs duties, such as driving tests and inspections in locations where there is not convenient access

to a computer system. Consequently, staff makes manual notes on their findings that must later be transferred to information systems. We are investigating the use of wireless technology that would allow staff to upload data on location, enabling transaction in “real time;” reducing the amount of time required to enter and process field information; and increasing efficiency. We are also considering using technology to allow the citizen’s renewal information to be uploaded by a swipe of their bar-coded driver’s license. The automatic data upload would reduce manual entry of an individual’s renewal information by agency staff.

Solution: Investigate implementing a wireless technology system for field staff.

Solution: Develop a system that automatically loads information from the driver’s license to reduce processing times and increase the speed of service at driver licensing service offices.

REGULATING PROFESSIONS

Only Regulate When we Add Value

DOL is charged with regulating professions where there is a perception the public could be harmed without oversight. We do this by licensing people who will practice to make sure they’re qualified and won’t harm the public and by investigating complaints from citizens who claim their safety has been jeopardized. Consequently, we assess the need to de-regulate professions where our regulation adds no clear public protection. For example, DOL believes there may be little public protection added by the regulation of Employment Agencies. This industry has changed since it was first regulated; today, there are few employment agencies that qualify for the licensure (less than 20) and we receive very few complaints against licensees that are within the agency’s jurisdiction.

Solution: Pursue de-regulation of Employment Agencies through inclusion in the governor’s Consolidation of Boards and Commissions report.

Implementing New Requirement to Regulate Bounty Hunters

Legislation was passed this year requiring regulation of Bounty Hunters. The agency will develop and implement this program with current resources; however, once licensing and enforcement begins, we will need additional funds to cover materials and any needed enforcement costs.

Funding for Regulating Professions

Administration of funding for professional programs is complex. Some programs are administered through the General Fund (GF-S), others as Dedicated Accounts. All are required by statute to be self-supporting, paying for their own costs through fees to licensees. Professions funded through the GF-S are in conflict with the requirement to

be self-supporting since any unexpended funds are used for other purposes at the end of the fiscal year.

Solution: Strengthen budget procedures by establishing a Dedicated Account for licensing professions that are now administered through the General Fund so that fees licensees pay to support their program remain with their program.

Solution: Simplify procedures for keeping fees professionals pay to be licensed in balance with the cost of their program. This would require the legislature to continue the exemption to I-601 fee limits it has granted the agency during the last two biennia.

Updating Statutes to be Current with Changing Standards

Each of the 27 professions regulated by DOL is administered under its own, program-specific statutes. These statutes were written when the profession first became regulated and, in some cases (such as the real estate statute) do not reflect current practices.

Solution: Update Real Estate statutes.

Updating Statutory Language to Reflect Impacts from Recent Legislation

As a regulatory agency, DOL is responsible for taking enforcement actions against licensed professions when violations of standards occur which could threaten the public's safety. Because each of DOL's 27 professions is administered under a different statute, there was no standard set of sanctions to apply against violations. In 2002, the legislature passed the Uniform Regulation of Businesses and Profession (URBP) that established a consistent set of enforcement options across regulated professions. In some cases, changes resulting from the URBP are not reflected in statutes governing the professions. Language in the URBP statute and the statutes for professions needs to be updated to be consistent.

Solution: Update statutory language to reflect changes from passage of the URBP legislation in 2002.

Improving Service to Citizens

We will expand self-service options by giving the public access to information via the Internet on enforcement actions the agency has taken against a licensed professional and allowing more licensees to renew online. We will also continue to move data off antiquated systems to more current and flexible systems; manage data electronically rather than in paper files so staff can answer callers' questions more quickly and more completely; and expand alternative payment options (such as debit, credit, electronic fund transfers) available to the public.

HELPING LAW ENFORCEMENT ENSURE FIREARMS ARE USED SAFELY

Ensuring Accuracy of Data on Firearms Ownership

Law enforcement agencies, including the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives and the National Tracing Center, use DOL's information to prevent and investigate criminal activity and to arrest and prosecute individuals who violate state and federal laws using a firearm. Consequently, our data must be complete, accurate and up-to-date. In 2004, the agency moved its data - nearly 16.8 million records – to a more current and reliable information system.

Solution: Assess needs and secure resources if necessary.

Improving the Transfer of Handguns

DOL will develop a training medium to assist firearm dealers in the proper procedures for document management when transferring handguns. This effort will be a partnership with stakeholders (Bureau of Alcohol, Tobacco, Firearms, and Explosives and the Federal Bureau of Investigation National Instant Crime Background Check System) designed to help ensure the statutory requirements for transferring handguns are met.

IMPROVING THE ECONOMIC VITALITY OF INDIVIDUALS AND BUSINESSES

HIGH-LEVEL INDICATORS

State economy

- ♦ Number of businesses operating in Washington State
- ♦ Amount of savings to state agencies from centralized business licensing
- ♦ Amount of loss to financial institutions from unrecoverable collateral after loan default

Business profits

- ♦ Assessed value of loss to retailers and financial institutions due to drivers license, identification fraud, consumer fraud and other crimes
- ♦ Assessed value of property loss to retailers and financial institutions resulting from consumer fraud involving misrepresentation, misuse of funds, deceptive advertising, and other violations perpetrated by regulated professionals

Personal financial resources

- ♦ Assessed value of loss to individual victims due to drivers license, identification fraud, consumer fraud and other crimes
- ♦ Assessed value of property loss to individual victims resulting from consumer fraud involving misrepresentation, misuse of funds, deceptive advertising, and other violations perpetrated by regulated professionals

HIGH-LEVEL TRENDS

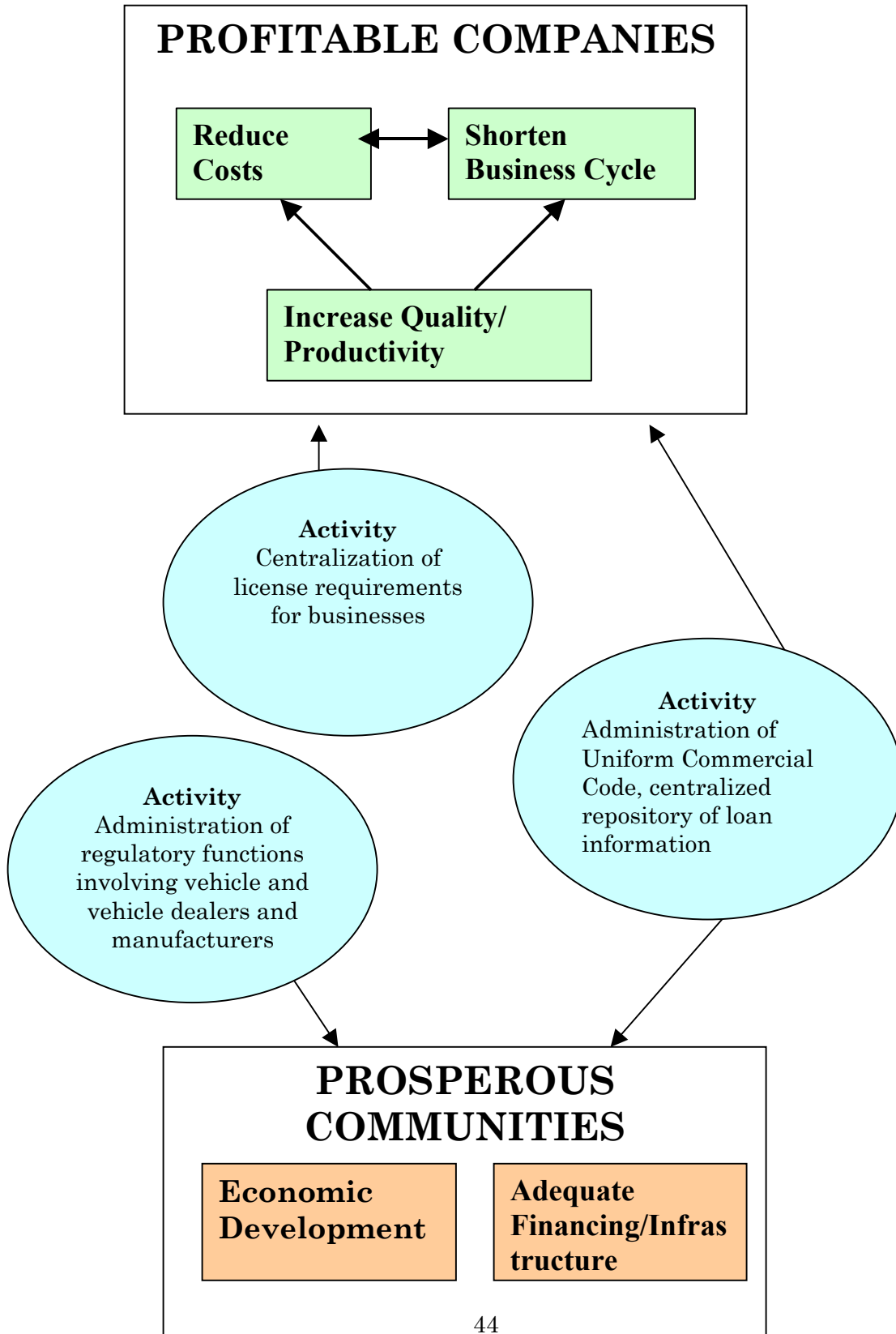
- ♦ Improvement to business licensing services only possible through partnership with other state and federal government
- ♦ Improvement to services to lenders only possible through enhanced technology
- ♦ Washington is benchmark for centralized business licensing
- ♦ Internet purchases, through E-bay and other venues, leading to additional issues and more investigations of out of state problems.

- ♦ Increased cost and the shift to buying more used vehicles (adding to complaints and problems)
- ♦ Vehicle dealerships are growing in size and represented products and franchising to additional locations
- ♦ Increases in niche marketing of vehicles dealerships, auto malls

INNOVATIONS

- ♦ Expansion of centralized business licensing to local government
- ♦ Wholesale dealer auctions doing their own title work, printing titles on-site, etc.
- ♦ Interagency approach to investigation and enforcement, working with multiple levels of government

Improving the Economic Vitality of Individuals and Businesses

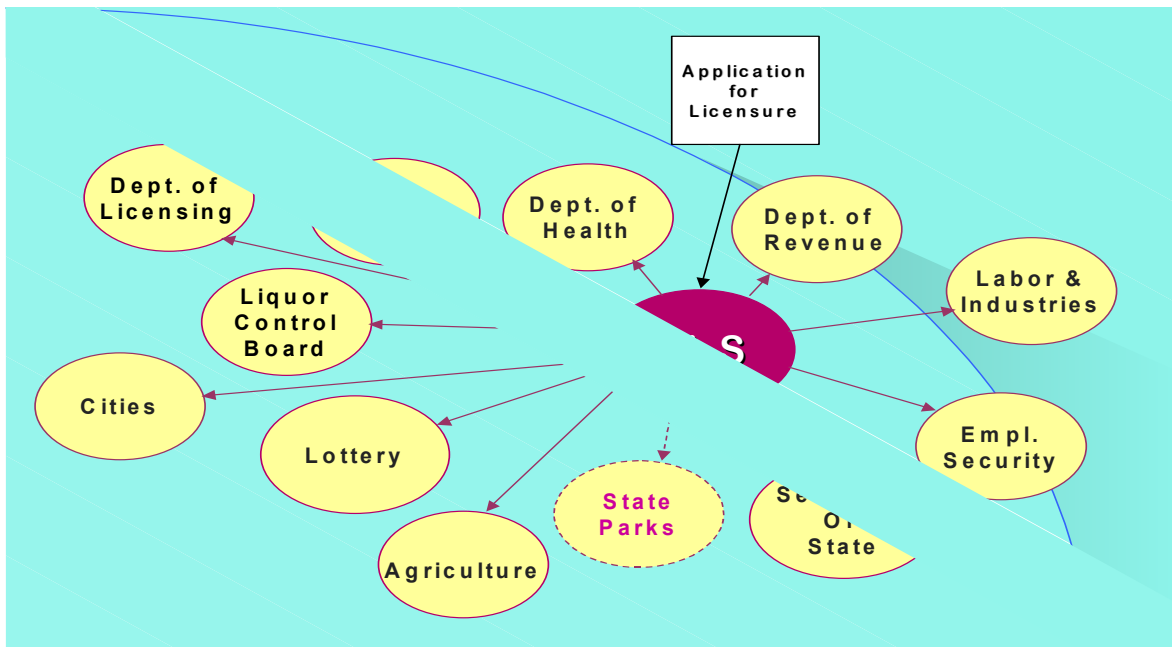


ISSUES AND BARRIERS

EXPANSION OF CENTRALIZED BUSINESS LICENSING SERVICES

DOL serves as the single point of contact for information on most state business licensing and regulatory requirements, and local and federal information when feasible. This centralized service is known as the Master License Service. Major partners include the Department of Revenue, Employment Security Department, Labor and Industries and the Secretary of State. In 2002, we were charged with expanding this service beyond state jurisdiction to local governments. The agency now offers services to four cities and is seeking to form partnerships with others. We expect new partnerships with cities to be formed slowly over time. While inclusion in the state business services does save cities some funds, it requires a significant amount of work up-front for them to assess the feasibility and requirements for fitting into the state information system and requires re-engineering of their processes and policies for implementation. Cities sometimes struggle with the effort needed for implementation and need technical expertise and guidance from DOL.

Solution: Secure additional staff resources to help cities migrate to state licensing service.



EXPANDING SELF-SERVICE OPTIONS FOR BUSINESSES AND THE PUBLIC

Helping the Public Research Licensed Businesses

Agencies that DOL works closely with to provide a centralized license service for the state (a partnership called the UBI Program) are exploring creating a single multi-agency “search” site on the Internet to display public information about entities with a business license in a single place. As a first step, the agencies are working to ensure data is accurate and can be cross-matched. In the meantime, DOL will explore how and if an existing Internet system used for the Licensing and Regulation of Professions could be used as the search site.

Helping the Public Locate Business Owners

When a business owner wants to name their business, they are required to register their trade name with DOL. That registration helps the general public find the owner of a business. The public may want this information for a variety of reasons. For example, they may want to start a franchise, register a complaint, sue the business, send a letter, etc.

Currently, the only way a citizen can get information on a business name is to call a fee-for service 1-900 phone line managed by DOL.

Solution: Let the public access these business names themselves via the Internet. This gives the public access to information at their convenience at no charge. If this enhancement led to a discontinuation of the 1-900 line, DOL would lose revenue, however service to the public would be improved. To make system changes needed for this enhancement in service, DOL would request spending authority to support this activity.

Helping Businesses Retain their Corporate Status

The Secretary of State (SEC) is responsible for registering entities as corporations and limited liability companies and for enabling them to maintain their status through yearly renewals. This registration and renewal process is necessary to allow entities to be recognized as corporations, protecting them in legal proceedings, tax disputes, etc. As the centralized state point of contact for businesses on licensing, DOL provides this renewal process for the Secretary of State. We make the renewal process convenient for the business community by providing it online, however, changes in Internet technology have made our prior online service obsolete and difficult for some businesses to use. Additionally, SEC may be piloting an initiative to change processes to encourage greater usage of this online service through postcard renewal notices. To support this effort, DOL will explore ways to serve citizens who opt not to renew online.

Solution: Enhance the existing online system to keep current with browser and other changes, simplify the online process, and allow businesses to renew multiple entities at one time

Keeping Current with Partner Agencies' Technology

The major state agencies that DOL coordinates with to provide centralized licensing have all transitioned into imaging systems for document management, as have many of the smaller partners. In order to stay aligned with the technology used by our partners, and to try to simplify our own processes, DOL needs move into the electronic document management sphere as well.

Solution: Determine feasibility of imaging and implement, if appropriate.

HELPING ENSURE THE STABILITY OF THE LENDING ECONOMY

In every state in the nation, there is an organization called the Uniform Commercial Code (UCC). This organization is responsible for maintaining records of financing statements filed on loans where personal property is used as the collateral for the loan. Lending organizations use this filing service to establish their priority against the collateral in case a borrower defaults. Lenders also use the service to search a debtor's other loans to ensure there is sufficient unencumbered collateral to justify making the loan. Lenders need this information from UCC in a timely manner so they can process loans quickly. Historically, Washington's UCC services took at least 7 business days to perform. In 2001, a model law was adopted requiring all UCC offices to provide a 2-day turn-around, online services, greater uniformity nationwide, and fewer rejected filings.

Solution: DOL re-engineered processes, enabling Washington State to meet or exceed all the national requirements.

Helping Lenders Get Accurate Information Quickly

Because details of the financing statement are not available electronically, we can only provide them to citizens on paper. We are investigating the feasibility of enabling lenders (and other customers) to look at electronic images of records detailing debtor's loans rather than requiring them to request and receive printed copies through the mail. This service is available in other states and Washington citizens are requesting it.

Solution: DOL has the needed spending authority and fund balance to do a feasibility study, however, additional spending authority could be needed for implementation.

Fees Reduced for Service

Washington's UCC is required under law to be self-supporting through the revenue collected from program fees and currently has a positive fund balance. Efficiencies gained through online transactions and reengineering of processes have helped the agency to realize long-term savings. Although reengineering increased our need for IT resources to maintain and enhance systems, we still realized a net savings, including a 31percent reduction in FTEs between FY00 and FY04 and a budget reduction in 2004-2006. To pass savings on to citizens, fees were reduced for online transactions in 2001. In the future, we will need to upgrade our information system to be compatible with changing Microsoft requirements. This could require additional spending authority.

Solution: Monitor ongoing costs (of systems changes and IT support) versus savings to determine if additional fee adjustments are possible.

National Model Law Reduces Volume of Business

The law change of 2001 altered the customer base significantly by changing the location of UCC filing from the state where the collateral is located to where the debtor is located or registered. This change makes the customer base partially dependent on the number of businesses that are registered in Washington State. Total workload plunged 19 percent the first year after the law change.

Solution: DOL reduced staffing in response to adjust to the decline in workload. Workload has leveled out subsequently and we are watching to determine ongoing trends.

Enabling Banks and Other Lenders to do Business Online

Because this industry is driven to complete loans quickly, there is a strong expectation for DOL to make services available online and to continually improve those services. Currently, more than half of all UCC transactions are conducted online and usage is expected to grow. In response to customer requests, DOL plans to modify the online service to allow customers to do multiple searches with a single transaction rather than requiring a separate transaction for each search.

PROVIDING ADEQUATE STAFF RESOURCES TO ENSURE REGULATION OF VEHICLE DEALERS

Additional resources are needed to partially offset previous biennium staff reductions. The dealers and manufacturers activity area lost 10 staff positions due to agency budget cuts last biennium. Working primarily with the State's \$10 billion vehicle dealer industry, the activity performs actions that save consumers approximately \$4.2 million for each biennium. Recovering three to four of the staff lost to budget cuts could increase that amount of savings to consumers by approximately 10 percent per staff member.

Solution: Recovering three to four of the staff lost to budget cuts could increase consumer savings by approximately 10 percent per each new staff member, improving economic vitality of businesses and individuals. This action will also:

- ♦ Enhance DOL's ability to maintain the integrity of the vehicle dealer industry through compliance with laws designed to protect the investments and property of Washington citizens;
- ♦ Improve the state's ability to return additional money and vehicles to consumers;
- ♦ Lower response time to complainants;
- ♦ Foster a more stable vehicle dealer business environment that promotes a "level playing field";
- ♦ Increase DOL's ability to detect and correct violations of law, thereby preventing consumer harm;
- ♦ Provide higher levels of comprehensive training to businesses;
- ♦ Respond promptly and thoroughly to unlicensed dealer activity; and
- ♦ Partner with local law enforcement to conduct joint operations and investigations relating to Homeland Security.

IMPROVING THE STATE'S ABILITY TO ACHIEVE RESULTS

HIGH-LEVEL INDICATORS

State economy

- ♦ Amount of revenue generated for transportation infrastructure and other activities from fees and taxes on fuel, vehicle licensing and other services
- ♦ Amount of revenue for local voter-approved regional transportation authorities and city transportation authorities
- ♦ Amount of additional revenue collected in partnership with numerous state, local and private entities
- ♦ Amount of fuel tax collections
- ♦ Assessed value of averted fuel tax evasion
- ♦ Time to register a commercial vehicle and place into service

HIGH-LEVEL TRENDS

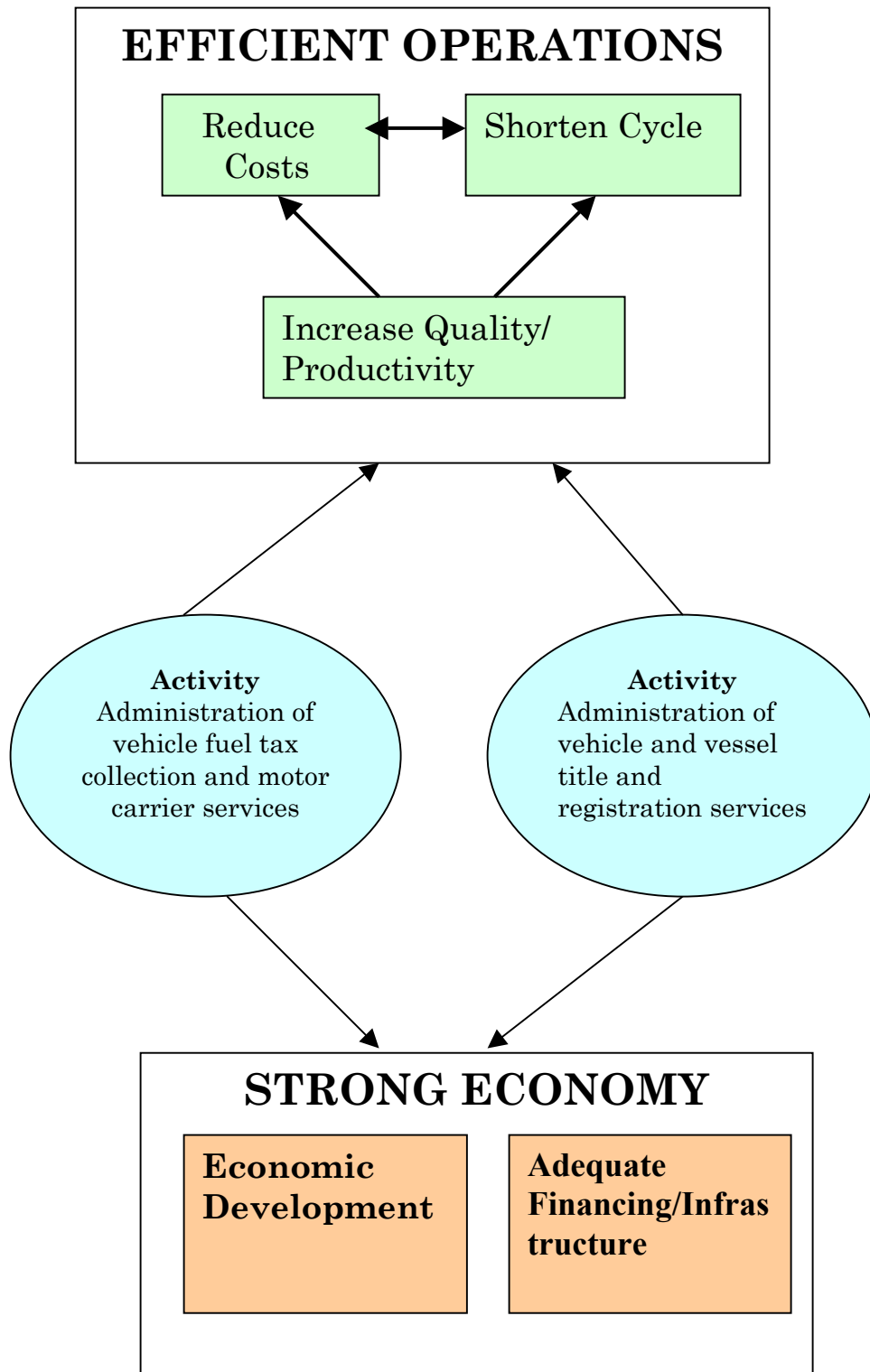
- ♦ Potential decline or shift in revenue sources for transportation projects as consumers shift to non-gas fuel
- ♦ Vehicle registration seen as the primary mechanism for efficient revenue collection
- ♦ Increased use of "special" license plates to generate revenue for government and private entities
- ♦ Increased law changes that directly affect internal process and planning related to fee and tax administration, such as fee changes related to funding the state Monorail project
- ♦ Increased complexity in fee and tax structures and in resulting reporting expectations
- ♦ Increased public demand for efficient collection of tax revenue
- ♦ Electronic methods to collect and transfer money via credit payments, electronic fund transfers, automated clearing house, I-checks
- ♦ Cooperative relationships with other state and federal agencies through data sharing and joint enforcement efforts
- ♦ Reliance on interfaces with national databases to meet business needs and citizen expectations
- ♦ Emphasis on freight mobility by motor carriers to maintain competitive edge

- ♦ Increased demand for alternative methods to register commercial vehicles

INNOVATIONS

- ♦ Use of the Internet for vehicle registration, including commercial vehicles
- ♦ Electronic issuance of commercial vehicle registrations allowing vehicles to be operated immediately
- ♦ Partnerships with state and federal agencies in programs such as CVISN and PRISM which encourage data sharing and joint enforcement efforts to improve freight mobility and carrier safety performance
- ♦ Partnerships with law enforcement to enforce fuel tax laws and reduce fuel tax evasion
- ♦ State/tribal fuel tax agreements that bring revenue to the tribes and reduce opportunities for lost fuel tax revenues by the state
- ♦ Partnership with federal and state agencies to reduce potential for title and odometer fraud
- ♦ Partnership with government and private entities to collect revenue in a cost effective manner

IMPROVING THE ABILITY OF GOVERNMENT TO ACHIEVE RESULTS



ISSUES AND BARRIERS

ALTERNATIVE SERVICE DELIVERY FOR TRUCKERS

With the growing acceptance of electronic commerce, many carriers are seeking to apply for and receive their commercial vehicle registrations via the Internet. Currently, DOL offers carriers an Internet based program, which allows carriers to conduct their commercial vehicle registrations via the Internet. However, this program is more oriented towards larger, more sophisticated carriers who conduct business with the department frequently. Smaller carriers, who do not conduct business with the department as frequently as larger carriers, also wish to have Internet based registration services designed to meet their needs.

Solution: Develop a simple International Registration Plan (IRP) Internet Based renewal program for smaller carriers to expand Internet services to smaller carriers.

Many carriers wish to take advantage of alternative methods of paying their commercial vehicle registration fees. Traditionally, payments have been made using cash or checks, which increases risks and administrative costs to the carriers. Since many of the payments made by carriers range in the thousands of dollars, credit card payment options are not practical due to the cost of credit card fees. In addition, carriers currently receive refunds of registration fees and fuel taxes via paper warrants. This increases costs to them, by requiring them to hand, track and deposit the checks in their financial institutions.

Solution: Provide an Automated Clearinghouse (ACH) Debit/Credit payment/refund option to reduce costs associated with making payments, both for motor carriers and the state.

COLLECTING FUEL TAXES EFFICIENTLY

The department collects approximately \$1.9 billion a biennium in fuel tax revenues. Petroleum companies currently file their tax returns via a paper intensive process, which often results in calculation and reporting errors that can result in the loss of fuel tax revenue. In addition, the current paper-based process is labor intensive for the industry and DOL.

Solution: Perform a feasibility study to determine best approach and costs/benefits. Based on this study, implement an electronic fuel tax return system including a component that captures detailed information of fuel distribution necessary to ensure efficient revenue collection. This strategy will increase efficiency in conducting business, increase the accuracy of data, enhance revenue

collection and reduce errors committed by taxpayers which results in increased costs to both taxpayer and state

Tribal fuel tax agreements

Washington Tribes are seeking to enter into government-to-government agreements with the state. In an increasingly complex arena, they are interested in simplifying relations with state government. Participation in these agreements helps mitigate the impact on fuel tax collection by preventing the illegal importation of fuel into the state for delivery onto reservations. The state is limited by law to a particular form of state-tribal fuel tax agreement that has limited the parties' flexibility.

Solution: Explore alternative state-tribal fuel tax agreements that benefit both the tribe and the state and work with Washington tribes to implement state-tribal fuel tax agreements that refund fuel taxes paid by tribal members and assists in maintaining the integrity of the state fuel tax structure.

INCREASINGLY COMPLEX FEE AND TAX STRUCTURE

As is evident by the number of entities for which revenue is collected through the vehicle and vessel registration and titling processes, there are increased demands placed on our revenue calculation and distribution systems. Increasingly, however, technology trends in government and the public's expectation of government to meet those trends are becoming critical elements for DOL. These trends, coupled with increasing complexity of service demands and on-demand report expectations, drive the program's need to upgrade its computer program capacity.

Technology upgrade for Vehicle Field System required

Our current Vehicle Field System is outdated and no longer meets our business needs. Stakeholders and business partners expect an adaptable system that can be changed quickly in a cost-effective manner and one that provides efficient and user-friendly access to the valuable data it contains. A faster more flexible "field system" (used for processing over 14 million transactions per biennium) is essential to meet the demands of this fast-changing business context. This issue is made more urgent due to the reality that Hewlett Packard will not longer support the computer processing equipment that hosts this Vehicle Field System.

Solution: Enhance technical functionality and restructure business processes to meet changing business needs and stakeholder expectations of on-demand, accurate and reliable "products."

Solution: Replace the current technology platform and redevelop the Vehicle Field System to meet today's business needs and allow for flexibility in adapting to future needs.

Solution: Purchase hardware and develop software that will allow the new Vehicle Field System to operate in a sequel server environment.

Solution: Continue Network Upgrades to allow licensing agents and subagents better access to on-line resources and training information and allow for scanning of title documents directly from the vehicle licensing offices.

Solution: Conduct an assessment to document all current reports and identify best practices that will improve our ability to provide the data needed for reporting, budget, performance, and operational analysis.

Improving Service to Vehicle and Vessel Licensing Customers

Citizens increasingly require fast, versatile easy-to-use services. Expectations for round-the-clock access to government services and the Governor's initiative to further digital government place strong demands for increased Internet services. Government services are expected to meet the same standards as private industry in terms speed, availability to services, payment options and accountability. We are continually improving electronic services to provide immediate access to accurate information. Improvements planned for customers of our vehicle- and vessel-licensing services are summarized below.

Solution: Provide vehicle and vessel owners with the option of a paperless, electronic title.

Solution: Allow wholesale vehicle auctions to print duplicate titles on site to avoid lengthy delays that impact the flow of commerce.

Solution: Conduct a feasibility study to identify options and costs related to providing credit/debit card payment option for over-the-counter transactions.

Solution: Improve our ability to comply with OFM's requirement to deposit revenue within 24 hours of receipt (depending on the agency's course of action, this may require additional FTEs).

Solution: Expand services available over the Internet, such as:

- ♦ Replacement tabs;
- ♦ Replacement registrations;
- ♦ Affidavit of Loss;
- ♦ Order Special Plate;
- ♦ Order Personalized Plate;
- ♦ Replacement plate;
- ♦ Pay for plate retention;

- ♦ Renew DP Privileges;
- ♦ Dealer Permits;
- ♦ Certain refunds applications;
- ♦ Replace DP;
- ♦ Plate Transfers; and
- ♦ Vessel Report of Sale.

Increased Use of the Vehicle Registration for Non-Transportation Revenue

The squeeze on fiscal resources is likely to result in continued expansion of utilizing the vehicle registration as an efficient mechanism for collecting revenue. DOL's role in collecting funds for non-transportation services and/or local transportation projects is increasing. In addition to state transportation agencies, T&R provides revenue collection for the state general fund, wildlife, trauma care, colleges and universities, historic boats, and organ/tissue procurement organizations. Special taxes on vehicle registrations and the increased use of specialty plates will put new demands on our information services' infrastructure and staff's ability to meet these new requirements.

Informing the public about our business

Citizens ask questions and hold government to a much higher standard of accountability than in the past, due in part to the misinformation that was communicated regarding the "car tab initiatives." They want to know where their money is going and that it's being how they were told it would be used. This means that T&R is asked for increasingly more detailed and complex data related to tax collection and major expenditure categories.

Solution: Provide more detailed information to help the public understand their fee/tax requirements and identify ways to simplify information and processes.

This will have budget impact and require the following tasks:

- ♦ Develop and implement a comprehensive public education campaign;
- ♦ Enhance renewal notice so it is as meaningful as a "billing" statement or eliminate all detail and refer owner to a website or IVR system for fee breakdown;
- ♦ Develop an electronic renewal notice process; and
- ♦ Redesign the approach used for identifying specialized plate series.

DETERRING FRAUD AND THEFT

Protecting consumers from vehicle title fraud

Consumer protection issues involving title and/or odometer fraud, including title "washing" (removal of brands related to damage) and odometer rollbacks are receiving a high degree of scrutiny at both the national and state levels. There is an increasing expectation that we improve our ability to detect and deter fraud related to title brands,

counterfeits, odometer tampering, and schemes related to auto theft in order to protect consumer's economic and safety interests. To prevent vehicle-licensing fraud, we undertook a partnership on the national level to enable us to connect to a database that tracks vehicles from "birth to death," helping us protect consumers from losses related to car theft and title fraud. We work closely with law enforcement to provide information related to fraud and auto theft's investigations.

Solution: Improve consumer protection by focusing on fraud prevention and detection. This will have budget impact and require the following tasks:

- ♦ Increase Driver And Plate Search (DAPS) functions to better meet law enforcement needs;
- ♦ Deliver fraudulent document training (AAMVA program) to all T&R and Agent and subagent staff interfacing with the public and provide semi-annual sessions for new staff;
- ♦ Develop a work unit to resolve issues identified through participation in the National Motor Vehicle Title Information System (NMVTIS) and to investigate fraud involving licensed vehicle dealers; and
- ♦ Expand the Fraud unit to meet needs of regional auto theft task forces, US Department of Justice prosecutors, National Insurance Crime Bureau (NICB), and others.

Other Fraud Issues

Coordination with the US Coast Guard, now part of Homeland Security will also help deter vessel fraud and theft and will better position law enforcement agencies and the Coast Guard to respond to increased national security issues. All states are being asked to participate in this national Vessel Identification System. If Washington does not comply with the regulations federal funding for boating safety programs (general fund) would be jeopardized. Changes in the federal regulations that govern vessel registration will require changes to our computer systems and business processes.

DOL AUTHORIZING STATUTES

RCW 46.01 Department of Licensing-General Operating Authority

Driver Licensing Activities

RCW 46.20 Drivers' Licenses—Identicards
RCW 46.25 Uniform Commercial Driver's License Act
RCW 46.29 Financial Responsibility
RCW 46.52 Accidents—Reports—Abandoned Vehicles
RCW 46.61 Rules of the Road
RCW 46.65 Washington Habitual Traffic Offenders Act
RCW 46.81A Motorcycle Skills Education Program
RCW 46.82 Driver Training Schools

Vehicle and Vessel Activities

RCW 19.118 Authorizes Collection of Lemon Law Fees
RCW 42.17 Public Disclosure of Vehicle and Vessel Information
RCW 46.01 Department of Licensing - Operating Authority
RCW 46.04 Definitions Related to Motor Vehicle Titles and Registrations
RCW 46.09 Off-Road and Nonhighway Vehicles
RCW 46.10 Snowmobiles
RCW 46.12 Certification of Ownership & Registration
RCW 46.16 Vehicle Licenses
RCW 46.32 Authorizes Collection of Commercial Vehicle Safety Enforcement
RCW 46.68 Authorizes Vehicle Licensing Fee Refunds
RCW 46.70 Dealers and Manufacturers - Prevention Of Fraud, Imposition, And Other Abuses Upon Citizens

RCW 46.85 Reciprocal Or Proportional Registration Of Vehicles
RCW 46.87 Proportional Registration
RCW 59.22 Authorizes Collection Of Mobile Home Fees
RCW 65.20 Authorizes Collection Of Mobile Home Title Elimination Fee
RCW 81.104 High Capacity Transportation Systems (RTA MVET)
RCW 82.12 Use Tax
RCW 82.49 Watercraft Excise Tax
RCW 82.36 Establishment/Operation Of Motor Vehicle Fuel Tax Program
RCW 82.38 Establishment/Operation Of Special Fuel Tax Program
RCW 82.41 Multi-State Motor Fuel Tax Agreements
RCW 82.42 Establishment/Operation Of Aircraft Fuel Tax Program
RCW 82.44 Motor Vehicle Excise Tax (used for RTA calculations)
RCW 82.80 Authorizes Collection Of Local Fees
RCW 88.02 Vessel Registration

Business and Professions Activities

RCW 18.118.010 (1)) Professional licensing
RCW 9.41 Firearms Licensing
RCW 19.02 Master License Service
RCW 19.80 Master License Service
RCW 62A.9A Uniform Commercial Code